THE ANGLO-MAURITIUS ASSURANCE SOCIETY LTD

Swan Group Centre / 10 Intendance Street
Port Louis / Mauritius

Tel +230 202 8600 / **Fax** +230 208 8956
Email anglo@intnet.mu
Website www.swangroup.mu

Anglo-Mauritius

annual report 2009

Anglo-Mauritius
annual report/2009

Swan Group

This Report has been printed on paper certified by FSC (Forest Stewarding Council A.C.)
and PEFC (Programme for the Endorsement of Forest Certification Schemes).

Our vision

To be the reference
in the region as a provider
of financial solutions

Our values

- customer oriented
- professionalism
- competitiveness
- knowledge
- quality and security
- people focus

contents

corporate profile

The Anglo-Mauritius Assurance Society Limited, one of the market leaders in the life assurance, pensions, actuarial and investment business in Mauritius, has developed over the years a full range of insurance products and services to serve the needs of corporate and individual clients either directly or through its sales representatives' network.

Swan Insurance Company Limited is the major shareholder of The Anglo-Mauritius Assurance Society Limited.

Assets under the management of The Anglo-Mauritius amounted to Rs. 18.8 billion and the Life Assurance Fund reached Rs. 18.5 billion at 31st December 2009.

The Company manages both locally and internationally an investment portfolio which consists, inter alia, of equities at market value of Rs. 8.8 billion and debenture stocks at market value of Rs. 6.5 million at 31st December 2009.

Investments are made in key sectors of activity namely tourism, real estate, sugar, trade and financial services in Mauritius and in the region. The Company caters for the insurance requirements of its clients in the region.

The Company participates actively in the socio-economic development of the country by granting loans for the construction or purchase of residential and business properties. Residential loans granted to policyholders amounted to Rs. 1.9 billion and loans on business properties totalled Rs. 344 million at 31st December 2009.

Benefits paid to policyholders, beneficiaries and annuitants amounted to Rs. 1.1 billion at 31st December 2009.

Market capitalisation of the Company on the Mauritian Stock Exchange at 31st December 2009 was Rs. 775 million.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of **The Anglo-Mauritius Assurance Society Ltd.** will be held on **Thursday 24th June 2010 at 10.00 hours** on the 6th floor of the Swan Group Centre, Intendance Street, Port Louis to transact the following business:

1. To consider the Annual Report 2009 of the Company.
2. To receive the report of BDO & Co, the Auditors of the Company.
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2009.
4. To re-appoint BDO & Co as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005 until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To re-elect Mr. M. J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
6. To re-elect Me. M. F. I. Jean Hugues Maigrot as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
7. To re-elect Mr. F. M. J. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
8. To re-elect Mr. M. D. Pierre Dinan as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.

By order of the Board of Directors

Jean Paul Chasteau de Balyon
For SWAN GROUP CORPORATE SERVICES LIMITED
SECRETARY

3rd May 2010

Swan Group Centre
Port Louis
Mauritius

N.B. Members entitled to attend and vote at the meeting may appoint proxies, whether members of the Company or not, to attend and vote for them. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.

annual report
DECEMBER 31, 2009

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of The Anglo-Mauritius Assurance Society Limited for the year ended December 31, 2009, contents of which are listed below:

This Annual Report was approved by the Board of Directors on 31st March 2010.

M.E. Cyril Mayer	*M.J. Cyril Lagesse*
Chairperson	*Director*

principal activities

DECEMBER 31, 2009

The principal activities of the Company consist of life assurance, pensions, actuarial and investment business. The principal activities of each subsidiary are shown hereunder and have remained unchanged during the year.

Manufacturers' Distributing Station Ltd.	Investment Company
Pension Consultants and Administrators Ltd.	Pension and Fund Administration
Swan Group Corporate Services Ltd.	Provision of Secretarial Services to Swan Group
Swan International Ltd.	Reinsurance Brokers and Consultants
Swan Group Foundation - Incorporated on 11/01/2010	Corporate Social Responsibility
The Anglo-Mauritius Financial Services Ltd.	Fund Management and Investment Consulting
Société de la Croix	Investment entity
Société de la Montagne	Investment entity
Société de la Rivière	Investment entity

directorate & management

DIRECTORS

Non-Executive

M. E. Cyril MAYER / B. Com., C.A. (SA) – Chairperson
M. J. Cyril LAGESSE
L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK)
F. M. J. Pierre DOGER DE SPÉVILLE
George J. DUMBELL / A.C.I.B. (UK)
M. A. Eric ESPITALIER-NOEL / B.Soc. Sc. (SA), M.B.A. (UK)
M. D. Henri HAREL / A.C.I.S.
Thierry P. J. M. LAGESSE / M.B.A. (France)
M. F. I. Jean Hugues MAIGROT

Independent Non-Executive

M. D. Pierre DINAN, GOSK / B.Sc. Economics (LSE), F.C.A. (England)
Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

Executive

J. M. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)


M. E. Cyril Mayer


M. J. Cyril Lagesse


L. J. Jérôme de Chasteauneuf


F. M. J. Pierre Doger de Spéville


George J. Dumbell


M. A. Eric Espitalier-Noël


M. D. Henri Harel


Thierry P. J. M. Lagesse

Group Chief Executive

J. M. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

Secretary

Swan Group Corporate Services Limited
(per M. J. Jean Paul CHASTEAU DE BALYON, F.MIoD)


M. F. I. Jean Hugues Maigrot


M. D. Pierre Dinan


P. Gopallen Mooroogen


Victor C. Seeyave


J. M. Louis Rivalland

directorate & management (cont'd)

DIRECTORS' PROFILE

M. E. Cyril MAYER, B.Com, C.A. (SA)

Managing Director of Harel Frères Limited.

Positions presently held on

(a) *sugar sector private institutions:*
Member of the Selling and Executive Committee of the Mauritius Sugar Syndicate
Member of the Executive Committee of the Mauritius Sugar Producers' Association

(b) *other institutions:*
Board Member of the Mauritius Sugar Authority

Has also served on the Joint Economic Council, the Mauritius Chamber of Agriculture, the Mauritius Sugar Industry Research Institute and the Mauritius Employers' Federation.

Directorships of listed Companies:

- Harel Frères Limited
- Omnicane Limited (Non-executive Chairperson)
- Swan Insurance Company Limited (Non-executive Chairperson)
- United Docks Limited

M. J. Cyril LAGESSE

Well known entrepreneur, Mr. Cyril Lagesse, took over his father's business in 1969 (Mon Loisir S.E.) and set up the "Compagnie d'Investissement et de Développement Ltée" ("C.I.D.L.") in the early 1970's.

Mr. Cyril Lagesse represents Groupe Mon Loisir on the Board of Directors of several most prestigious companies of the country, many of which are listed on the Stock Exchange of Mauritius.

He is a former Chairperson and Director of the Mauritius Commercial Bank Ltd.

Directorships of listed Companies:

- Ireland Blyth Ltd.
- Mauritius Stationery Manufacturers Ltd.
- Naïade Resorts Ltd.
- Phoenix Beverages Ltd.
- Sun Resorts Ltd.
- Swan Insurance Company Limited
- United Basalt Products Ltd.

L. J. Jérôme DE CHASTEAUNEUF, B.Sc. Economics (LSE), A.C.A. (UK)

Head of Finance – Ciel Group of Companies
Director of a number of Companies in various sectors of the economy

Directorships of listed Companies:

- IPRO Growth Fund
- Swan Insurance Company Limited

F. M. J. Pierre DOGER DE SPÉVILLE
Notary Public from August 1965 to June 1997.
Chairperson of the Médine Group of Companies

Directorships of listed Companies:
- Innodis Limited
- Swan Insurance Company Limited

George J. DUMBELL, A.C.I.B. (UK)
Chairperson, Constance Group of Companies.

Worked 34 years for the HSBC Group at senior management level in nine countries across Asia, Americas, Middle East and Europe.
Former Director of various Banking and Financial Institutions across Asia and Europe.
Director and Fellow of the Mauritius Institute of Directors

Directorships of listed Companies:
- Belle Mare Holding Limited (Chairperson)
- State Bank of Mauritius Ltd.
- Swan Insurance Company Limited

M. A. Eric ESPITALIER-NOËL, B.Soc. Sc. (SA), M.B.A. (UK)
Chief Executive of ENL Commercial Limited

Directorships of listed Companies:
- Automatic Systems Ltd. (Non-executive Chairperson)
- ENL Commercial Limited
- Rogers & Co. Ltd.
- Swan Insurance Company Limited
- The Savannah S.E. Co. Ltd.

M. D. Henri HAREL, A.C.I.S.
Group Chief Finance Officer of Harel Frères Ltd.

Directorships of listed Companies:
- Harel Frères Limited
- Swan Insurance Company Limited

Thierry P. J. M. LAGESSE, M.B.A. (France)
Non-Executive Chairperson of Compagnie d'Investissement et de Developpement Ltée (CIDL).
Promoter of Companhia de Sena and Executive Chairperson of Palmar Group of Companies and Parabole Réunion S.A.

Member of the Mauritius Chamber of Agriculture
Former Chairperson of the Mauritius Export Processing Zone Association (MEPZA)

Directorships of listed Companies:
- IPRO Growth Fund Limited
- Ireland Blyth Limited
- Mauritius Stationery Manufacturers Limited
- Phoenix Beverages Limited (Non-executive Chairperson)
- Swan Insurance Company Limited
- Sun Resorts Limited
- United Basalt Products Limited (Non-executive Chairperson)

directorate & management (cont'd)

Me. M. F. I. Jean Hugues MAIGROT

Notary Public since 1971

Legal adviser to a number of listed large public and private companies.

Directorships of listed Companies:

- Harel Frères Limited (Non-executive Chairperson and Chairperson of its Corporate Governance Committee)
- Omnicane Limited (Chairperson of its Corporate Governance Committee)

M. D. Pierre DINAN, GOSK, B.Sc. Economics (LSE), F.C.A. (England)

Economic Consultant

Positions presently held:

- Member of the Monetary Policy Committee of the Bank of Mauritius
- Chairperson of the Mauritius Institute of Directors
- Board member and Audit Committee Chairperson of a few local companies or institutions in the manufacturing and financial services sectors
- Board Member of a UK Investment Trust Plc

Former Senior Partner at De Chazal Du Mée
Former Chairperson of the Mauritius Employers' Federation

Directorship of listed Company:

- Swan Insurance Company Limited

Peroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A. (Wales)

Senior Executive - Mass Market - Mauritius Telecom
Director of The Stock Exchange of Mauritius Ltd. and Director of The Central Depository & Settlement Co. Ltd.

Directorship of listed Company:

- Swan Insurance Company Limited

Victor C. SEEYAVE, M.B.A. (USA), B.A. Economics (UK)

Managing Director of Altima Limited

Directorships of listed Companies:

- Innodis Limited
- Swan Insurance Company Limited

MANAGEMENT TEAM

Group Chief Executive

Louis RIVALLAND, B.Sc. (Hons.) (SA), F.I.A. (U.K.), F.A.S (SA)

Secretary

Swan Group Corporate Services Limited
(per Jean Paul CHASTEAU DE BALYON, F.MIoD)

Senior Managers

Robert GALLET - Individual Business Marketing & Development, Group Communication & Properties
Alan GODER - Pensions Consultants & Administrators Limited, Claims, Fund Administration and Group Systems and Processes
Sattar JACKARIA, B.Sc. (Hons.), F.I.A - Actuarial
Paul LAM KWOH HING, A.C.I.I. - Pensions (Up to 31st July 2009)
Vincent LAMUSSE, M.S.G. - The Anglo Mauritius Financial Services Ltd.
Vishnoo LUXIMAN, M.Sc. - Group Human Resources
Maxime REY - Group Finance, Loans and Legal
George SUI TIT TONG, A.C.I.I. - Individual Business Operations

Managers

Navindranath BHUGALOO, A.C.I.I. - Pension Consultants & Administrators Ltd. and Pensions (DC)
Mario BUTTIE, F.C.C.A. - Fund Administration
Paulette CHUNG FAT - Personal Assistant to Group Chief Executive
Edward CUNNIAH - Claims
Patrick DE MARCY CHELIN - Loans
Eric HOODMAN, M.B.C.S. - Systems & Processes
Bernard KISHTOO - Pensions (DB)
Herbert MADANAMOOTHOO, Maîtrise de Droit - Legal & Compliance, M.L.R.O.
Karine MOREL, B.Com., F.C.C.A., M.I.P.A. (M) - Finance
Carlo POLIAH, Dip. (Bus. & Fin.) - Individual Business Marketing

senior management team profile

Louis RIVALLAND, B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S (SA)

Group Chief Executive

Louis Rivalland (39) holds a Bachelor's degree in Actuarial Science and Statictics and is a Fellow of the Institute of Actuaries (UK).

He is currently the Group Chief Executive of Swan Insurance and The Anglo-Mauritius Assurance.

He was part of the management team of Commercial Union in South Africa from 1994 to January 1997 and conducted several assignments for Commercial Union in Europe. From February 1997 to July 1999, he worked as Actuary and Consultant at Watson Wyatt Worldwide developing the investment area as well as issues relating to the healthcare area.

In August 1999, he joined the Swan Group as Consultant to the Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes.

From January 2002 to December 2004, he acted as Executive Manager of Anglo-Mauritius. In January 2005, he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance and Anglo-Mauritius, and member of the Executive Management Committee of the Swan Group. Since January 2007, he is the Group Chief Executive of the Swan Group.

He is the President of the Joint Economic Council (JEC) since March 2010, is a past President of the Insurers' Association of Mauritius, a Board member of the Mauritius Revenue Authority and a member of the Financial Services Consultative Council. He has played an active role in the development of risk management, insurance and pensions in Mauritius having chaired or been part of various technical committees on these areas.

He is a Director to several private and public companies and is also a member of a number of Corporate Governance and Audit Committees. He is a Fellow member of the Mauritius Institute of Directors.

Jean Paul CHASTEAU DE BALYON, F.MIoD

Swan Group Corporate Services Limited

Fellow Member of the Mauritius Institute of Directors
Member of The Chartered Insurance Institute (C.I.I.) – U.K.
Member of The Association of Company Secretaries – Mauritius

Jean Paul Chasteau de Balyon (59) joined Swan Insurance in 1969 as Underwriter motor and non-motor insurance and was appointed Assistant Company Secretary in 1974. In 1976, he was appointed Company Secretary of Swan Insurance and also attributed the responsibilities of Administration and Human Resources. He was appointed Group Company Secretary of the Swan Group in January 2003.

He has been fully involved in the following key projects:

— Standardisation of the Swan Group conditions of employment (1979)

— Introduction of Swan Insurance on the official market of the Stock Exchange of Mauritius in 1990

— Scheme of Arrangement for the benefit of shareholders in 1991

— Swan Group Centre in 1992 and 1993

He has been Secretary General of the Insurers' Association and Secretary of the first consultative committee of the Swan Group. He has attended a number of management development courses given by the Chartered Insurance Institute of the United Kingdom.

He is the Chairperson of the sub-committee of the Insurers' Association on issues linked to the World Trade Organisation (WTO).

He is a member of the Working Group on Financial Services set up by the Government on issues connected with the WTO and was part of the national delegation which took part in the WTO negotiations in Geneva in 2002 and 2003.

He is a Council member of the Mauritius Chamber of Commerce and Industry (member of its Audit and Nomination Committees) and a member of the Consultative Committee of the Stock Exchange of Mauritius.

He acts as Director of Companies in the tourism and commercial sectors.

Directorship of Listed Company:
Naïade Resorts Limited

Jean Paul Chasteau de Balyon acts as Company Secretary and Director of Swan Group Corporate Services Ltd.

Robert GALLET

Senior Manager

Senior Management Course - Graduate School of Business Administration, South Africa (S.A.)
Diploma in Agency Management - Life Insurance Marketing and Research - Hartford, Connecticut
Diploma in Advanced Management Programme - Life Insurance Marketing and Research - Hartford, Connecticut

Robert Gallet (59) worked for eight years in the Pensions Business of Southern Life in South Africa. He held the position of assistant to Divisional Accountant responsible for the division's financial accounting function of the New Business, Underwriting, Claims, Commissions, Actuarial, Legal and IT departments, including budgeting, cost control and financial reporting, and general administration.

He worked for six years in the Individual Life Business of Southern Life in South Africa. He held the position of Manager and Senior Manager responsible for providing financial and administrative services to the New Business, Premium Collection, Underwriting, Policy Servicing, Claims, Actuarial, IT departments within the Division and all sixteen Regional offices and branches across the Country with

senior management team profile (cont'd)

special emphasis on yearly and long term financial planning and budgeting.

He joined The Anglo-Mauritius in March 1987 whereby he has spent eighteen years in Pensions and Individual Life Business. He holds the position of Senior Manager responsible for the marketing of the Individual Business including the overall responsibility of its sales force. He manages the communication and marketing support function of the Swan Group and is responsible for the administration of the immovable property portfolio of the Company and its subsidiaries.

His key areas of expertise are administration and marketing.

Alan GODER

Senior Manager

Alan Goder (42) worked in the Actuarial Department of The Anglo-Mauritius Assurance Society Ltd as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of Albatross Insurance Company Ltd.

From August 1996 to June 2001, he was Executive Director of Actuarial & Capital Management Services Ltd., now the AXYS GROUP.

From July 2001 to October 2004, he was the Chief Executive Officer of Pension Consultants & Administrators Ltd.

He joined Anglo-Mauritius as Senior Manager in November 2004 where he oversees the Claims and Fund Administration departments. He is also responsible for managing Pension Consultants & Administrators Ltd. Since August 2009, Alan has been appointed to oversee the pension department of Anglo-Mauritius.

Alan is also Senior Manager to the Group Systems & Processes department.

His key areas of specialisation are pensions administration and consulting.

Sattar JACKARIA, B.Sc. (Hons.), F.I.A.

Senior Manager

B.Sc. (Hons.) Mathematics, Operational Research, Statistics and Economics, U.K.
Fellow of the Institute of Actuaries (F.I.A.), U.K.

From September 1999 to September 2006, Sattar Jackaria (32) was working in the HR Services department of Towers Perrin in London, United Kingdom. Towers Perrin is a leading provider of HR consulting services worldwide.

He joined Towers Perrin as an actuarial trainee after completing a degree at Warwick University (UK). He qualified as an actuary and was promoted to consultant in 2004. During his time with Towers Perrin, he acquired a vast experience in the HR space dealing mainly with subsidiaries of large US multinational companies.

He joined the Actuarial Department of The Anglo-Mauritius as Actuary in October 2006 and is responsible for the day-to-day running of the department together with new product design and implementation. He also offers technical assistance to the other departments of the Group.

His key areas of specialisation include pensions business and actuarial consulting. He has been involved in a wide range of client facing activities including funding and investment advice, preparation of various types of GAAP disclosures, design and implementation of new pension schemes, advice in respect of merger and/or acquisition and day-to-day consulting.

Vincent LAMUSSE, MSG

Senior Manager

Diplôme Universitaire en Sciences Economiques
Maîtrise de Science de Gestion (Bordeaux, France)

Vincent Lamusse (42) manages The Anglo-Mauritius Financial Services Ltd., a leading provider of Investment Management services to Pension Funds, Insurance Funds, Investments Companies, and individuals in Mauritius.

He joined The Anglo-Mauritius Assurance Society Ltd in 1991 and was subsequently appointed Assistant Manager (Investments) in 1994, and Investments Manager in 1999. He was trained in England at Eagle Star Assurance, London Life, Teacher's Assurance, Mercantile & General Reinsurance, and contributed substantially to the development of the range of Unit Linked Funds of The Anglo-Mauritius Assurance Society Ltd. He was promoted Senior Manager in 2005, after having set up The Anglo-Mauritius Financial Services Ltd.

He is also a non-executive director in a number of companies in the financial and tourism sectors.

Vishnoo LUXIMAN, M.Sc.

Senior Manager

Master of Science in Human Resource Management (University of Surrey)
Diploma in Business Management (University of Surrey/Mauritian Institute of Management)
Diploma in Personnel Management (University of Mauritius)
Member of the Singapore Human Resources Institute

senior management team profile (cont'd)

Vishnoo Luximan (48) worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd from 1983 to 1988. He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer with the same company in 1990.

He was appointed Human Resources Manager of DRBC in 2002 and, as such, provided advice and services to 7 companies of the CIEL Group, including TPC Ltd, found in Tanzania. He cumulated the responsibility of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of DRBC from September to December 2005.

He joined the Group in 2006.

He is a registered trainer, up to degree level, with the Mauritius Qualifications Authority and has been delivering courses in the field of human resource management at the Regional Training Centre since 1998.

His key areas of specialisation are labour legislation, employee resourcing, training & development, performance management, reward management and employee relations.

Maxime REY

Senior Manager

Maxime Rey (57) gained audit experience at Kemp Chatteris, in association with Touche Ross & Co., Chartered Accountants, from 1973 to 1974, and at Coopers & Lybrand (De Chazal du Mée), in association with Coopers & Lybrand (International), Chartered Accountants, from 1974 to 1977.

From 1977 to 1980, he worked as First Assistant Accountant at Deep River Beau Champ Sugar Estate Ltd.

From 1981 to 1993, he worked for Kuehne and Nagel (Pty) Ltd in Johannesburg, South Africa. That Company forms part of Kuehne and Nagel International AG, Switzerland, a worldwide transport, travel consulting and insurance broking organisation with some 400 offices in 60 countries. He held various financial positions within that Company, building up valuable experience in this international framework. He was appointed Group Financial Controller in 1989 and Director in 1992.

He joined The Anglo-Mauritius Assurance Society Ltd. in 1993 as Financial Controller, also heading the Company's then budding IT department. He was instrumental in the computerisation and modernisation of the accounting systems of the Company. He was concurrently appointed head of the Loans and Legal Departments, as well as Deputy Money Laundering Reporting Officer (M.L.R.O.), in 2003.

He was appointed Senior Manager - Group Finance in 2005, and is now heading the Finance departments of the Group.

George SUI TIT TONG, A.C.I.I.

Senior Manager

Associate of the Chartered Insurance Institute-U.K
Chartered Insurer-U.K
A founder member of the Insurance Institute of Mauritius

George Sui Tit Tong (62) joined The Anglo-Mauritius in January 1968.

He is a Senior Manager since July 2004 and is responsible for the overall operations pertaining to Individual Business, Group Life Schemes and the medical organisation of the company.

He is also the responsible person for the reassurance portfolio of the company and is in constant touch with its main reinsurers, namely Swiss Re and Munich Re.

His key area of specialisation is the underwriting of life assurance business. He has acquired international exposure through his participations in workshops and attending conferences relating to life assurance and underwriting in London, Oxford, Singapore, Cape Town, Johannesburg, Geneva and Shanghai.

chairperson’s statement

M. E. Cyril Mayer
/ Chairperson

On behalf of the Board of Directors, I am pleased to submit the Annual Report and Audited Financial Statements of The Anglo-Mauritius Assurance Society Limited and of the Group, for the year ended 31st December 2009.

On the economic front, most of the attention was devoted to the post-crisis recovery process. Against an international background of weak and volatile economic upturn our export sectors have been under pressure. On the occasion of its mid-year budgetary policy, the Minister of Finance and Economic Empowerment, in setting government’s objectives of saving jobs, protecting people and preparing for recovery, undertook to support business development, build capacity and invest heavily in public infrastructure. Concurrently, performance of the additional stimulus package was being closely monitored. It was in anticipation of the new fiscal year-end that government presented, exceptionally, another budget in the course of November whereby the main objectives set consisted in shaping the recovery, consolidating social progress and sustaining Green Mauritius. The targeted measures for stimulating the traditional and emerging pillars of the economy included the maintenance of the additional stimulus package and of the tax suspensions in the tourism, construction and real estate sectors until December 2010.

Undoubtedly, Mauritius stood out by its exceptional degree of resilience. Although economic activity still is below pre-crisis levels, one can reasonably expect that, if international recovery gathers increasing momentum, growth rate should improve quite significantly this year.

On the social front, government’s advocacy in favour of corporate social responsibility was reiterated and guidelines were set up jointly with the private sector so that expenditure of the corporate sector’s statutory contribution be undertaken in the most structured manner.

It was in the context of this new legal environment that the Group, which has always been committed to foster social responsibility, has set up the Swan Group Foundation. The Foundation’s activities will continue to show the human face of our organisation and demonstrate that a successful business and a caring corporate citizen are two flips of the same coin.

As for the Group's operations, the premium income has been adversely impacted by the economic downturn. However, the fund's equity portfolios, both locally and overseas, which had been impaired soon after the crisis, have recovered quite significantly since.

I am also pleased to report that the implementation exercise undertaken by an international firm, specialist in operational efficiency, has been successfully concluded. This major enterprise, which was carried out during almost the full year, also addressed issues like customer care and personnel behaviour.

The year under review has been a particularly challenging one which has required unrelenting efforts from all the staff. Turning the Group into a more proficient business has been yet another achievement.

I would like, on behalf of my colleagues of the Board, to express my appreciation to the Group Chief Executive, to the management team and to the personnel at large, who, by their dedication and hard work, contributed to the satisfactory performance of the Group.

In concluding, may I express my gratitude to my colleagues of the Board, more especially to those who contributed to its committees, for their valuable support and guidance throughout the year.

M. E. Cyril Mayer
Chairperson

group chief executive's review

J. M. Louis Rivalland
/ Group Chief Executive

STRATEGIC REVIEW

During the last few years, we have concentrated our efforts on six strategic initiatives in line with our business plan. These comprised profitability, human capital, our areas of operation, synergies within the Group, the use of technology and the core processes. I am pleased to report that a number of the large projects having to do with these initiatives are now either completed or well under way.

2009 was a year in which we invested significant resources to ensure that our processes are as efficient as possible. To help us in this task, we appointed the international firm, Alexander Proudfoot. They are the world's leading operational improvement firm, working with clients around the world to improve their processes and financial performance. The project was branded "Project Swift" with a tag line "Good to Excellent Together" and spanned over a period of 26 weeks. The Alexander Proudfoot team worked hand in hand with the internal team to review all the processes and identified ways in which we could improve the way we operate. In addition, Project Swift also identified opportunities to enhance customer service. To this end, we also implemented a Customer Performance Index to help us monitor closely different elements of customer care and take promptly any corrective actions that may be necessary.

Having built solid foundations, we can now seek to expand our clientele and to be recognised not only as a financially strong organisation with excellent client service but also as one which is evolving and offering a range of products and services that meet the needs of the most demanding clients.

LONG TERM OPERATIONS

As expected, 2009 has been a challenging year for the long-term operations and in particular, the life insurance business. The unprecedented financial crisis and concerns that any potential recovery would be timid have dampened the mood amongst investors and the public at large. As a result, the premium income net of reinsurance of our life insurance business (i.e. excluding pension business) has suffered a reduction of around 11%. However, we are encouraged to note a marked recovery towards the tail end of 2009 as reflected by an increase to our gross premium income of around 6% during the 4th quarter as compared to the corresponding period in 2008.

Individual Business

The performance of our Equity based unit-linked funds was excellent during 2009. For example, the Equity Fund Life and Foreign Equity Fund Life recorded annual performances of around 49% and 29% respectively.

During the last quarter of 2009, we added the Oxygen Foreign Currency Plan to complement the existing range of Oxygen policies. Under this new option, policyholders can pay their premiums in one of three hard currencies (US Dollar, Euro or Pound Sterling) and also receive their benefits (either the maturity proceed or the risk benefit) in the corresponding currency. In a similar way to the existing Oxygen policies, a policyholder has the choice of making either single or regular premium(s) and choose the investment fund which best suits his/her risk appetite. The response from our agents and clients has been very good and we are optimistic that this new addition will also be successful.

Further to the coming into force of the Insurance Act, we are pleased to report that we sent annual statements to all of our policyholders (around 50,000 in total) showing the performance of their policies.

In 2010, we will endeavour to offer to our clients an even better service and fine tune our policies to appeal to a larger set of individuals.

Corporate Business

At the end of 2009, Anglo-Mauritius provided administrative services to around 530 pension schemes – 330 defined benefit and 200 defined contribution schemes. The total active membership of these schemes exceeds 20,500 lives.

Our pensions business is supported by a strong actuarial team consisting of two qualified actuaries and eight actuarial analysts. Coupled with our subsidiaries, Pension Consultants and Administrators Limited (PCA) and Anglo Mauritius Financial Services (AMFS), we provide the whole spectrum of pension services to corporate entities (i.e. actuarial, administration and fund management). We are widely recognised as the leader in this field due to our professional advice and excellent client service.

Pension Workshop

Further to the changes to the pension legislation in 2008 regarding the extension of the retirement age, we ran a workshop in April at the Swami Vivekananda International Convention Centre. Its purpose was to inform all of our clients of the implications of this important change. The workshop attracted more than 300 participants and was most successful. The feedback that we received directly from our clients was very positive and most of them said that our presentation clarified the uncertainties that had been brought about by the changes to the legislation. An important feature of the workshop was the presence of a barrister who addressed all the legal issues. As such, we not only looked into the pension and actuarial issues but also the legal implications of the changes. This holistic nature of the workshop was very much appreciated by all the participants.

The workshop also attracted a fair amount of media coverage including articles in the written press, interviews on the radio and a television report on the MBC. In addition, we also published our second edition of "Horizon" – our consulting brief to clients. The subject of this edition of "Horizon" was of course the implications of the changes to the retirement age.

Pension Consultants and Administrators Limited (PCA)

PCA contributes to our corporate business through the provision of administration and setting up of services for self-administered occupational pension schemes. In this way, it complements the administration services offered by Anglo-Mauritius Assurance.

In 2009, PCA maintained its position as the market leader in the field of administration of self-administered pension schemes resulting in a 14% increase in income.

The year under review also saw more synergy between the company and the Pensions Department of The Anglo-Mauritius Assurance for the benefit of our respective clients and the Group generally.

PCA's objective for the current year will be to further strengthen its position on the market by being more attentive to its clients' needs in the rapidly changing and complex pension environment.

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides portfolio management services to financial institutions, superannuation funds and private investors. Over the years, the company has developed a strong relationship with BlackRock, the world's largest Investment Management firm, and benefits from its vast expertise on investments in the international markets. The company also promotes the range of BlackRock Global Funds in Mauritius as well as the Schroders International Selection Funds and the GAM Funds.

In 2009, our partnership with BlackRock was made more visible by means of an advertising campaign which focused on the Global Allocation Fund and the Natural Resources Funds of BlackRock. We also had the pleasure of hosting a cocktail event for our stakeholders on the occasion of the visit of Ms Barbara Vintcent, Vice-President of BlackRock for the Eastern Europe, Middle East and Africa regions in Mauritius.

The reputation of The Anglo-Mauritius Financial Services Ltd is well established and continues to grow. This has impacted very well on our client base and portfolio under

group chief executive's review (cont'd)

management, which grew steadily during the year and contributed positively to the increased profitability.

ECONOMIC HIGHLIGHTS

The World Economy

Global economic growth declined by 1.1 % for 2009 due to hampered demand in developed countries. The US receded by 2.7%, the Euro zone posted –4.2% for 2009 whilst it is predicted that Japan will endure a 5.4% retrenchment. Emerging and developing countries logged around 1.7%.

Domestic Economy

In 2009, the Mauritian economy's growth rate fell to an estimated 2.9% (2008: 5.1%) in a setting of global economic slowdown. GDP at basic prices amounted to Rs. 247 billion (2008: Rs. 234.2 billion). The primary sector grew by 13.5%, the secondary sector by 1.3% whilst the tertiary sector grew by 3%. GDP per capita at market prices is estimated at Rs. 277,021 as compared to Rs. 265,352 in 2008, representing an annual increase of 4.4%, in nominal terms. The rate of inflation for 2009 was 2.5% (2008: 9.7%). This is the lowest inflation rate since 1988. The investment rate increased to 25.4% over the year compared to 24.6% in 2008 with the share of private sector investments decreasing to 76.4% from 82.9% in 2008 and public sector investments increasing to 23.6% from 17.1% a year earlier. The projected unemployment rate stands at 7.7% as compared to 7.2% in 2008.

The sugar industry yielded a growth of 21.1% based on sugar production of 475,000 tonnes (2008: 460,000) and updated prices of refined and special sugars. Following the significant cut in guaranteed prices to ACP producers, the sugar cane industry has made significant advancement to adapt to new market conditions by improving its competitiveness and developing alternative economic activities.

The tourist industry suffered a drop of 6.4% on the back of lower tourist arrivals (860,000 compared to 930,456 the year before). Tourism earnings for the year 2009 are estimated at Rs 36.5 billion compared to Rs 41.2 billion in 2008.

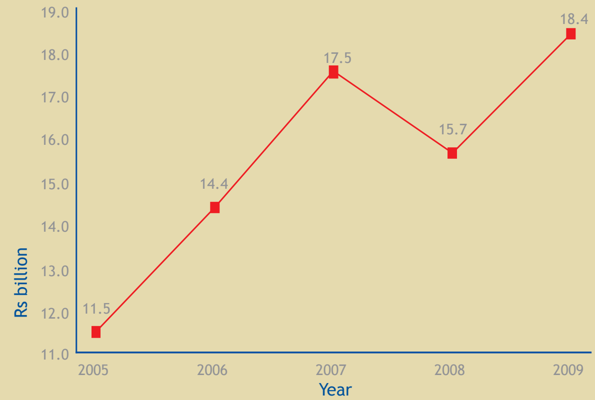
The manufacturing sector grew at a reduced rate of 0.6% in 2009 (2008: 3.2%). Growth emanated from sugar milling and food processing. Textile manufacturing, on the other hand, decreased by 4%.

The construction sector maintained its momentum and grew by 3% helped by higher growth rate of public construction works to the tune of 14%. Private construction works increased marginally by 0.6%.

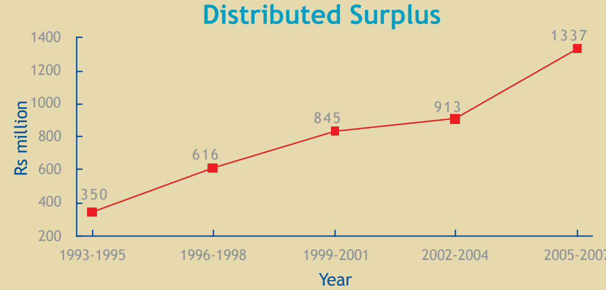
Financial intermediation sector grew by a consolidated 5% in 2009 essentially supported by growths of 5.3% and 4.0% in banking and insurance sectors respectively.

FINANCIAL HIGHLIGHTS

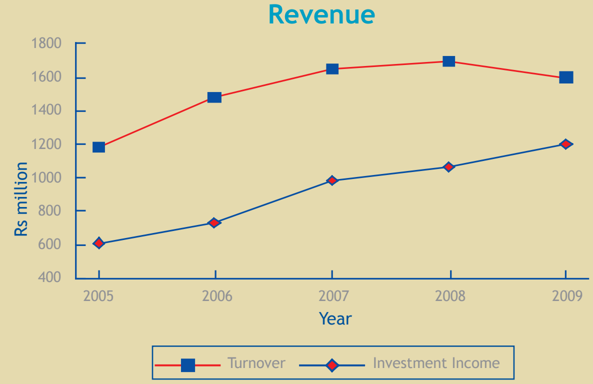
Life Assurance Fund



Distributed Surplus



Revenue



The Life Assurance Fund at 31st December 2009 amounted to Rs. 18.4 billion (Rs. 15.7 billion in 2008) increasing by Rs. 2.7 billion during the year (Rs. 1.9 billion decrease in 2008).

The Life Assurance Fund includes a fair value reserve of Rs. 3.6 billion in 2009 (Rs. 2.1 billion in 2008). The increase in fair value reserve of Rs. 1.5 billion made during the year (Rs. 3.3 billion decrease in 2008) is due to the unrealised profit of our equity portfolio on the stock exchange.

The premiums receivable net of re-assurances and annuity considerations amounted to Rs. 1.6 billion in 2009 (Rs. 1.7 billion in 2008), including Rs. 581.2 million for the linked business (Rs. 636.4 million in 2008).

The Company sustained during the year death and disablement claims of Rs. 64.9 million as compared to Rs. 61.7 million in 2008. Maturities paid amounted to Rs. 840.1 million as compared to Rs. 693.1 million last year.

During the year, surrenders decreased from Rs. 509.9 million to Rs. 194.1 million.

Realised capital appreciation of Rs. 37.1 million was made on the non-linked account during the year as compared to Rs. 122.8 million in 2008, and realised capital appreciation of Rs. 15.2 million was made on the linked account in 2009 as compared to an appreciation of Rs. 49.3 million last year.

Loss on exchange of Rs. 38.7 million was made on the non-linked account in 2009 as compared to a profit of Rs. 173.8 million last year, and profit on exchange of Rs. 0.5 million was made on the linked account during the year as compared to a profit of Rs. 11.5 million in 2008.

Dividends paid in 2009 amounted to Rs. 52 million (Rs. 45 million in 2008).

INVESTMENTS

Equity Market

Stock markets worldwide recovered quite significantly. In Mauritius, the Semtri compared favorably as demonstrated by its 45.7% gain. Support for the market was broad-based. However, foreign investors were net sellers to the tune of Rs.902 M.

On the international scene, global equities notched a 30.8% gain as measured by the MSCI World Index (US Dollars). Developed markets also experienced similar upbeat path with the US notching a 29.4% gain whilst Europe clinched 36.8% and Asia had a 24.3% gain during the same period. Emerging markets were also well into positive territory with the BSE SENSEX winning 81% and China SSE gaining 80%.

Fixed Income Market

On the fixed income side, interest rates in Mauritius furthered their downtrend with the Repo rate sliding down by 100 bps over the year. However, the rupee was strong vis-à-vis its trading currencies, the US Dollar and the Euro each depreciating by 4.8% and 3.6% respectively. The rupee was however weak against GBP and the local currency depreciated by 5.4% over the year. In the US, the Central Bank maintained an almost zero percent interest rate as evidenced by the FED's rate standing at 0.25%. Action with respect to interest rate by central banks around the world mostly followed a similar trend, with rate cuts on the agenda of the monetary authorities to help in shoring up the economy.

Performance of The Anglo-Mauritius Funds

The whole range of our unit-linked funds performed satisfactorily over the year. The Equity Fund (Life) in particular offered a good performance with a 49% gain. Both the asset allocation and the security selection were tilted in a way to reap maximum benefits of the year's upturn.

Secure Fund (Pension) also delivered a satisfactory performance in an environment of low interest rates. This Fund invests wholly in prime fixed income instruments such as secured mortgage loans, government securities, rupee and forex deposits.

The Non-Linked Fund also performed well. This fund's strength is attributable to highly diversified asset classes thus offering a comfortable amount of stability. The fund topped up its exposure in Foreign Equity at the start of the year 2009 and as such benefited from the subsequent rally.

LEGAL & REGULATORY FRAMEWORK

The remaining sections of the Competition Act 2007 were proclaimed and came into effect on 25th November 2009. This completes the legislative process of bringing competition law to Mauritius. The Act was passed in 2007 and was partially proclaimed, to allow the Competition Commission to be established the following year.

As from 25th November, enterprises which take actions

group chief executive's review (cont'd)

that restrict, prevent or distort competition, may be in breach of the Competition Act. In particular, the Competition Commission is empowered to fine businesses up to 10% of turnover for an intentional or negligent breach of the prohibition on collusive agreements.

The Insolvency Act 2009, adopted by parliament in June 2009, entirely restructured the legal framework relating to corporate and individual insolvency. Its aim is to ensure that the interests of all stakeholders in a business venture are fully protected, especially when companies face difficulties and become insolvent. The main objects of the Act are :

(a) to provide straightforward and fair procedures for realising and distributing the assets of insolvent individuals and companies;

(b) to promote honest trading and the prudent incurring of liabilities and to impose penalties on fraudulent and reckless trading and management of assets which may lead to insolvency and, lastly, to place appropriate sanctions on profligate individual and commercial behaviour;

(c) to provide alternatives to bankruptcy for individuals facing insolvency and to provide procedures for workout and administration of companies as alternatives to winding up with a view to their rehabilitation;

(d) to make provision for netting arrangements in financial contracts and to address the position of cross-border insolvencies in relation to companies.

In addition, the law redefines the priority of claims in the distribution of assets in liquidation and gives unpaid salaries and wages higher priority than the secured creditors.

The Data Protection Act was implemented in 2009. The object of this Act is to provide for the protection of the privacy rights of individuals in view of the developments in the techniques used to capture, transmit, manipulate, record or store data relating to individuals.

In the Finance Act 2009, provision was made for a statutory contribution equivalent to 2% of companies' book profits towards programmes that contribute to the social and environmental development of the country.

The Financial Intelligence and Anti-Money Laundering Act was also amended in 2009. Companies now have to implement appropriate screening procedures to ensure high standards when recruiting employees. It is also worth mentioning that the Money Laundering Reporting Officer has conducted an appraisal on anti-money laundering compliance within the Group. A report identifying the adequacy/shortcomings of internal controls and other procedures implemented to combat money laundering has been submitted to the Audit Committee.

HUMAN RESOURCES & ORGANISATION STRUCTURE

The Swan Group was deeply aggrieved by the demise of Mr. Cyril Koa Wing on 7th May last year after a courageous struggle with the incurable. Mr. Koa Wing started his career with The Anglo-Mauritius Assurance Society Ltd in 1959 and served the company in various capacities. Prior to his retirement in 2002, he was Senior Manager of the Pensions Department. I take this opportunity to pay tribute to his contribution to the long-term business during his long career with the Swan Group.

After almost 42 years of service, Paul Lam retired as Senior Manager of the Pensions Department in August 2009. Throughout all these years, Paul served the company with unrelenting enthusiasm and dedication. He has been a highly respected figure of the pension industry and has worked in the Pensions Department at different levels to culminate to the most senior position in 2001.

On behalf of the Board of Directors and in my own name, I would like to thank Paul for his immense contribution to the development of the company and wish him a long and happy retirement.

Following Paul's departure, we have reorganised the Pensions Department as follows:

- Mr. Bernard Kishtoo will be responsible for the operations of insured defined benefit arrangements.
- Mr. Sanjay Bhugaloo from Pension Consultants and Administrators Ltd will henceforth also take responsibility for all Anglo-Mauritius self-administered plans and defined contributions schemes.

Both Bernard and Sanjay will be reporting to Mr. Alan Goder who will take the ultimate responsibility for the pensions area.

We are confident that the improved synergies between Anglo-Mauritius and PCA will benefit our pension corporate clients.

As mentioned earlier, the Swan Group culture underwent a major change in 2009 with the implementation of Project Swift. Our management and supervisory staffs acquired new skills in the day-to-day management of human resources. The internal communication system was given a boost with the introduction of the daily 'Huddle Meeting', the 'Walk the Floor' and the 'Banner Presentations'.

This new Management Operating System has resulted in clearer goals, better feedback on performance and more on-the-job coaching. Staff members now participate in the setting of targets and the review of achievements on a daily basis. The motivational and job satisfaction components of this process cannot be over-emphasised.

Project Swift has also enabled us to have a clearer idea of the human resource requirements across different departments of the Group. A process of redeployment was set up to deal with situations where an excess capacity was noted. A greater emphasis on internal recruitments enabled the Group to offer alternative positions to staff members who formed part of the excess capacity within a relatively short period of time.

Project Swift also provided training opportunities to a number of staff members of the Swan Group. The know-how of the external consultants was transferred to four of our professional staff members who formed part of the Task Force. Moreover around seventy supervisory and management staff members were given formal training in the field of Active Management. The knowledge and skills acquired were reinforced through an e-learning module.

As a follow-up to Project Swift, the Continuous Business Improvement Unit was set up. Comprising of two members of staff, this Unit has the responsibility of ensuring that the Management Operating System functions properly, that opportunities for further improvements are identified and appropriate corrective actions are put in place.

I take this opportunity to express my gratitude to all members of the staff whose dedication and hard work, in the course of this particularly challenging year, have significantly contributed to the Group's results. My thanks also go to our intermediaries and other stakeholders for their valuable support.

J. M. Louis Rivalland
Group Chief Executive

corporate governance report

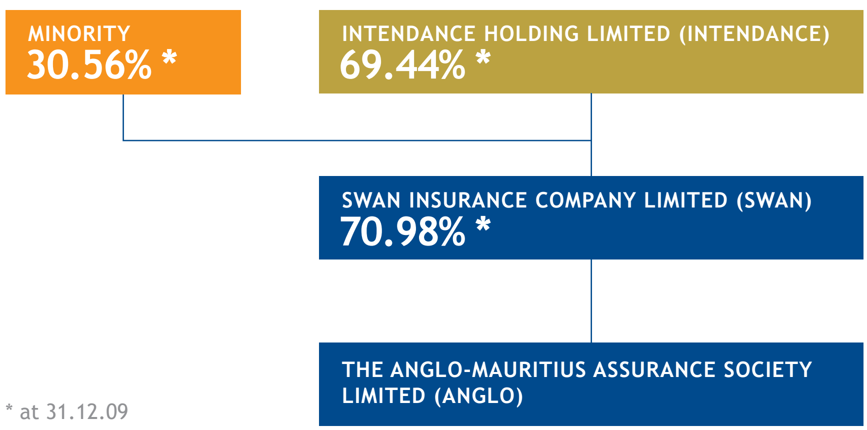
1. COMPLIANCE STATEMENT

The Group is committed to the highest standards of business integrity, transparency and professionalism. The management of the Group's activities is exercised ethically and responsibly with the ultimate objective of enhancing shareholders' value and having regard to stakeholders at large.

During the year under review, the Group ensured that its operations yielded acceptable returns to stakeholders and were conducted in a way that displayed the following characteristics of good governance, namely discipline, transparency, independence, accountability, fairness and social responsibility.

The Board of directors ensure that the principles of good governance are followed and applied throughout the Group.

2. ULTIMATE HOLDING COMPANY



* at 31.12.09

3. COMMON DIRECTORS (at 31.12.2009)

	ANGLO	SWAN	INTENDANCE
M. E. Cyril Mayer	■	■	■
M. J. Cyril Lagesse	■	■	■
L. J. Jérôme de Chasteauneuf	■	■	■
M. A. Eric Espitalier-Noël	■	■	■
F. M. J. Pierre Doger de Spéville	■	■	■

4. MAJOR SHAREHOLDERS

At April 30, 2010, the following shareholders held more than 5% of the ordinary share capital of the Company:

	Direct		Indirect
	No. of shares	% of voting rights	% of voting rights
Swan Insurance Company Limited	1,774,530	70.98	-
Intendance Holding Limited	-	-	49.28
	1,774,530	70.98	49.28

5. DIVIDEND POLICY

Every three years, an actuarial valuation report is made by our Consulting Actuaries in accordance with the Insurance Act. The purpose of this valuation is to determine the surplus (deficiency) of the Life Assurance Fund for the period under review. The surplus is distributed as follows:

- 90% to policyholders as bonuses on policies.
- 10% to shareholders through a transfer to Proprietors' Fund.

The above transfer to Proprietors' Fund is used for the payment of dividends over the next three years and Directors ensure that dividends are authorized and paid out only if the Company shall, upon the distribution being made, satisfy the solvency test.

6. THE BOARD OF DIRECTORS

There is a clear separation of the roles of the Chairperson and the Group Chief Executive. The Chairperson leads the Board, ensuring that each director, particularly the non-executive directors, is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The Group Chief Executive has the day-to-day management responsibility for the Group's operations, implementing the strategies and policies agreed by the Board. The non-executive directors constructively challenge and help develop proposals on strategy, scrutinise the performance of management in achieving objectives and monitor the reporting of performance.

The independent non-executive directors bring a wide range of experience and skills to the Board. They are free from any business or other relationships which would materially affect their ability to exercise independent judgement, constructively dissent and are critical by-standers.

All directors have access to the advice and services of the Company Secretary. Where necessary in the discharge of their duties, directors may seek independent professional advice at the Company's expense.

As part of the induction process, newly appointed directors receive an 'Induction Pack' containing key information on the Group and the sector in which it operates.

(a) Role of the Board

The Board leads and controls the Company and is the link between shareholders and the Company. It also is the focal point of the corporate governance system and is ultimately accountable for the performance of the affairs of the Company. Compliance is equally the responsibility of the Board, which ensures that the Company complies with the full set of laws, rules and regulatory framework in which it operates.

The Board is responsible for organising and directing the affairs of the Company in the best interests of shareholders, in conformity with legal and regulatory framework, and consistent with its constitution and best governance practices.

(b) Election of Directors

The Code of Corporate Governance provides for directors to be elected (or re-elected as the case may be) every year at the annual meeting of shareholders. However, the Board does not consider this recommendation to be appropriate within the context of the Group. In addition, the constitution of the Company does not make any provision for such a procedure. The Board believes that the complexity of the Group's operations is such that sufficient time should be allowed for an independent director to be reasonably conversant with its technicalities. This applies particularly to those Directors who are members of the Audit and Risks Committee.

(c) Evaluation

The Board is composed of Directors coming from a wide cross section of the sectors of our economy. Every Director has drawn from his professional background and competence in positively contributing to the Board's activities, especially those who are members of the Board Committees.

corporate governance report (cont'd)

THE BOARD OF DIRECTORS (cont'd)

(d) **Interests in shares at 31.12.2009**

(i) Directors

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
M. E. Cyril Mayer	-	-	200	0.008
M. J. Cyril Lagesse	1,250	0.050	-	-
F. M. J. Pierre Doger de Spéville	70	0.003	-	-
J. M. Louis Rivalland	7,200	0.288	-	-
	8,520	0.341	200	0.008

(ii) Senior Officers other than Directors : NIL

(e) **Directors' dealing in shares of the Company**

With regard to directors' dealings in the shares of the Company, the directors confirm that they have followed the principles of the model code on securities transactions by directors as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

7. REMUNERATION POLICY

The Board is responsible for the remuneration policy of the Group and duties are delegated to the Group Human Resource (HR) management team.

The Remuneration structure has been designed so as to support the following strategic aims:

• Provide a remuneration package that attracts, retains and motivates staff and help to develop a high performance culture.
• Ensure that pay levels are internally consistent and externally competitive.
• Reward employees according to their performance and contribution.
• Provide a right mix of non-financial as well as financial rewards.
• Ensure that the remuneration package promotes improved performance and is affordable.

Executive director's remuneration package consists of basic salary, annual performance bonus, pension provision, other benefits and an annual director's fee. The structure of the package is reviewed annually and benchmarked to market norms and practices. The Group's objective is to attract, motivate and retain executive directors of the highest calibre. This being essential for the successful leadership and effective management of the Group.

Non-executive directors receive an annual fee for their knowledge, experience and insight given to the Board and Committees.

The remuneration policy for executive directors approaching retirement is determined by the Corporate Governance Committee on a case-to-case basis.

8. BOARD COMMITTEES

(a) The Audit and Risks Committee

The Committee consists of four non-executive directors, three of whom are independent including the Chairperson.

The current members are Mr. Peroomal Gopallen Mooroogen (Chairperson), Mr. Pierre Dinan, Mr. Henri Harel and Mr. Victor Seeyave. The Group Chief Executive attends unless a conflict of interest is likely to arise. Members of the Committee (including the Chairperson) have adequate financial awareness.

Executives, Members of the Senior Management Team, the Partner in charge of external audit and the Internal Auditors regularly attend meetings of the Audit and Risks Committee.

The Audit and Risks Committee may secure the attendance of external professional advisers at its meetings in order to perform its duties.

The Committee is satisfied that it has discharged its responsibilities for the year in compliance with its terms of reference. The Audit and Risks Committee's focus is on:

- The reliability and accuracy of the financial information provided by management to the Board and other users of financial information;
- The functioning of the internal control and the risk management systems;
- The functioning of the internal auditors;
- The risk areas of the operations to be covered in the scope of the internal and external audits;
- Whether the services of the current external and internal auditors should continue;
- Any accounting or auditing concerns identified as a result of the internal or external audits;
- Compliance with legal and regulatory requirements with regard to financial matters;
- The scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- The nature and extent of non-audit services provided by the external auditors; and
- Financial information to be published by the Board.

(b) The Corporate Governance Committee

The Committee consists of four non-executive directors, three of whom are independent.
The current members are Mr. Cyril Mayer (Chairperson), Mr. Pierre Dinan, Mr. Peroomal Gopallen Mooroogen and Mr. Victor Seeyave. The Group Chief Executive is in attendance.

The Corporate Governance Committee's terms of reference include but are not limited to:

- Determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- Assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;
- Putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
- Making recommendations to the Board on all new Board appointments; and
- Determining the level of emoluments of executive, non-executive, Independent non-executive directors and Board Committees members.

The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties and shall set the appropriate procedures accordingly.

The Committee is authorised to obtain, at the Group's expense, such outside legal or other independent professional advice as it considers necessary to perform its duties.

corporate governance report (cont'd)

9(a) BOARD AND COMMITTEES' ATTENDANCE AND REMUNERATION IN 2009

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held during the year		4	4	2
Directors	Classification		Attendance	
M. E. Cyril Mayer	Non-executive	3	N/A	1
M. J. Cyril Lagesse	Non-executive	4	N/A	N/A
L. J. Jérôme de Chasteauneuf	Non-executive	4	N/A	N/A
M. D. Pierre Dinan	Independent non-executive	3	4	2
F. M. J. Pierre Doger de Spéville	Non-executive	4	N/A	N/A
George J. Dumbell	Non-executive	4	N/A	N/A
M. A. Eric Espitalier Noël	Non-executive	1	N/A	N/A
M. D. Henri Harel	Non-executive	3	2	N/A
Thierry P. J. M. Lagesse	Non-executive	3	N/A	N/A
M. F. I. Jean Hugues Maigrot	Non-executive	4	N/A	N/A
Peroomal Gopallen Mooroogen	Independent non-executive	4	4	2
Victor C. Seeyave	Independent non-executive	4	1	1
J. M. Louis Rivalland	Executive	4	4	2

(b) DIRECTORS' REMUNERATION IN 2009

	From the Company	From Subsidiary Companies
	Rs	Rs
Non-Executives	1,027,500	41,000
Executive	3,971,809	1,963,405

10. COMPANY SECRETARY

All directors have access to the services of the Secretary who is responsible for ensuring that Board procedures are followed and plays an active role in the facilitation and induction of new directors and the improvement and monitoring of corporate governance processes.

11. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to Note 29 to the financial statements.

12. CONSTITUTION

The constitution of the Company does not provide any ownership restriction or pre-emption rights. It is in conformity with the Companies Act 2001 and Mauritius Stock Exchange Listing rules.

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

14. INTERNAL AUDIT

Internal Audit is an objective assurance function reporting to the Audit and Risks Committee and the Board of Directors. It derives its authorities from the Board through the Audit and Risks Committee.

Messrs. Ernst & Young, Public Accountants perform the duties of Internal Auditors.

- **Role and Responsibilities**
  The Internal Auditors are responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management.
- **Reporting and disclosure**
  - Structure and Organisation
    The internal audit charter, which is reviewed and approved every three years by the Audit and Risks Committee, establishes the composition, role, scope, authority, independence, reporting procedures, auditing standards and responsibilities of the Internal Auditors.
  - Reporting lines
    The Internal Auditors have a direct reporting line to the Audit and Risks Committee and maintain an open and constructive communication with executive management. They also have direct assess to the Chairperson of the Committees and of the Board. This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board and the Audit and Risks Committee.
- **Coverage and Risk Management**
  The annual internal audit plan, which is approved by the Audit and Risks Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.
- **Accessibility**
  The Internal Auditors have unrestricted access to the records, management or employees of the Group.

  The Internal Auditors act as a source of constructive advice and best practice, assisting the Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed and to report and advise on the proper and effective use of resources.

15. RISK MANAGEMENT

In our business, successful management essentially means controlling risks in order to protect the financial strength of the Group and increase its value on a sustainable basis.

corporate governance report (cont'd)

RISK MANAGEMENT (cont'd)

The Board has overall responsibility for the Group's systems of risk management and for reviewing their effectiveness at least annually. The systems are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial misstatement or loss.

Executive management has the responsibility for establishing and implementing appropriate systems and controls in their own areas of remit.

Risks Management refers to the process used by the Group to monitor and mitigate its exposure to risk. The objective of risk management is not to completely eliminate risk but to reduce it at an acceptable level having regard to risk appetite of the Group. It is the intention of the Group to align the risk management framework of the Group to best practices.

Risk assessment activities were carried out by the Internal Auditors following which management of the Group and the Internal Auditors have been working in collaboration to finalise the risk-monitoring framework. The risk management framework will be continuously reviewed and updated to reflect the ongoing risk facing the Group.

Risks discussed and identified for the Group are categorised as follows:

- **Insurance risk**

  The Group's insurance activities are primarily concerned with the pricing, acceptance and management of risks from customers.

  The Claims department closely monitors claims development. The Management of the underwriting and claims risks uses a number of tools to write certain higher risk classes of business, review performance and management of insurance portfolios throughout the Group.

- **Reinsurance risk**

  The Group's reinsurance strategy and appetite is set by management and recommended to the Board for approval. The Reinsurance team monitors and controls reinsurance activity and has the responsibility for the purchase of the Group's covers. Major treaty purchases are analysed to ensure that the level of cover purchased is aligned to the Group's risk appetite and strategy. Over and above treaty capacities, large risks are reinsured on the facultative reinsurance market.

- **Environment and Strategy risks**

  These risks arise when there are environmental forces that could either put the Group out of business or significantly change the fundamentals that drive the Group's overall objectives and strategies.

  Environment risks may arise from:
  – failure to understand customer needs;
  – failure to anticipate or react to actions of competitors; and
  – over dependence on vulnerable suppliers, etc.

  As the Group's competitive advantage becomes difficult to maintain, management's assumptions about the business environment provide a critical starting point for re-evaluating and formulating new business strategies.

  These assumptions include the strategic profile of major competitors, demographic and social trends, new technologies that provide opportunities for competitive advantage and economic, political, and regulatory developments. The assessment of the Environment and Strategy risks also included discussions on:

— *Regulatory Risks:*
Changes in laws/regulations and actions by the local regulators can result in increased pressures and significantly affect the Group's ability to efficiently and competitively conduct business.

— *Industry Risks:*
Risks which makes the industry less attractive as a result of changes in:
• Key factors for competitive success within the industry, including significant opportunities and threats;
• Capabilities of existing and potential competitors; and
• Group's strengths and weaknesses relative to present and future competitors.

- **Operational risks**

  Operational risks are defined as risks of loss resulting from inadequate or failed internal processes and procedures, human error or system failure or from external events (e.g. legal risks). Operational loss events have significant negative impact on the market value of insurers.

  Operational risks are further broken down into:

  — Human resource risks:
  Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
  — Fraud risks:
  Intentional or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involving one internal party and/or a third party.
  — Physical risks:
  Losses due to fire, cyclone, explosion, riots etc.
  — Business Continuity risks:
  Losses from failed transaction processing, and process management, inadequate back-ups and loss of data.
  — Reputational risks:
  Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

- **Information Processing/Technology Risks**

  These are risks that hardwares and softwares are not operating as intended, are compromising the integrity and reliability of data and information, are exposing significant assets to potential loss or misuse, or are exposing the Group's ability to maintain a high standard of its main business processes.

- **Financial Risks**

  The primary sources of financial risks within the Group are reinsurance counterparties, credit risk inherent to insurance contracts, treasury and investment activities and premium debtors. Market risk arises from the Group's investment portfolios. Liquidity risk is considered to be low for the Group.

  The management of these financial risks is further discussed in Note 3 to the financial statements.

16. INTERNAL CONTROLS

The Board has the overall responsibility for maintaining a sound and effective system of internal controls to safeguard the Group's assets and shareholders' interests.

The system of internal controls has been designed to safeguard assets of the Group from unauthorised use. The Group maintains proper accounting records to ensure effective operation of its business and compliance with laws and regulations. Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Group activities, including the operation of the internal control system. The system of internal controls is, however, designed to

corporate governance report (cont'd)

provide, assurance against material misstatement or loss, and manage risks of failure in operational systems.

The key areas that the Board has put in place to provide effective internal controls are as follows:

1) The Board has established a clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, members of the Senior Management, and to the heads of operating units;

2) The Board assesses the effectiveness of internal controls by considering the recommendations of the Audit & Risks Committee, reports of the internal auditors, feedback from management and the external auditors;

3) A comprehensive management accounting system is in place to provide financial and operational performance data for management accounting purposes. Review of the accounting information takes place on a regular basis at Audit & Risks Committee and Board levels and remedial action is promptly taken, where necessary;

4) There is an ongoing effort to document the system and procedures for each operating unit. These documents are also being updated regularly;

5) A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established. Regular training is being conducted to ensure that:
- New staff are trained in compliance with requirements that the Group is subject to; and
- Existing staff are regularly updated on compliance issues;

6) Management has put in place appropriate financial controls by way of segregation of duties of accounting staff; and

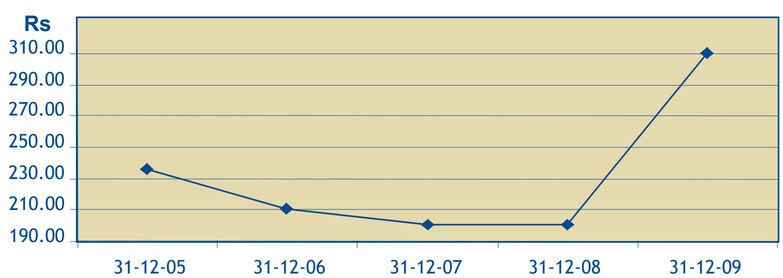
7) Management has put in place appropriate operational and compliance controls at all operating units.

17. SHARE OPTION

The Group has no share option plan.

18. SHARE PRICE INFORMATION

Share Price of the Company increased by 31.35% over the last five years, from Rs.236.- per share at December 31, 2005 to Rs.310.-per share in 2009.



19. SHAREHOLDERS' PROFILE

The Company's shareholders' profile at year-end was as follows:

(a)

Range of shares	No. of shareholders	No. of shares	% holding
1 - 500	214	22,275	0.90
501 - 1,000	30	22,304	0.89
1,001 - 5,000	44	92,580	3.70
5,001 - 10,000	12	82,862	3.31
10,001 - 50,000	7	144,166	5.77
50,001 - 100,000	6	361,283	14.45
100,001 - 250,000	0	0	00.00
250,001 - 500,000	0	0	00.00
Over 500,000	1	1,774,530	70.98
TOTAL	**314**	**2,500,000**	**100.00**

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	257	211,922	8.48
Insurance and Assurance Companies	3	5,356	0.21
Investment and Trust Companies	7	161,735	6.47
Other Corporate Bodies	46	346,457	13.86
The Holding Company	1	1,774,530	70.98
TOTAL	**314**	**2,500,000**	**100.00**

20. CHARITABLE DONATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Please refer to 'Other Statutory Disclosures', on page 88.

21. STAKEHOLDERS' RELATIONS AND COMMUNICATION

The Group's objective is to properly understand the information needs of shareholders and to have an open and meaningful dialogue with all its stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the annual meeting of shareholders.

The Annual Report is sent to all shareholders and to a number of stakeholders and, as from 2009, quarterly financial statements are published in the press. The Group's website provides financial, business and other information about the Group's activities and profile.

corporate governance report (cont'd)

22. CODE OF ETHICS

The Group is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Group's Code of Ethics is based on the Model Code of the Joint Economic Council and adapted to meet the specific needs of the Group.

23. SUSTAINABILITY REPORTING

The Group is committed to the development and implementation of social, safety, health and environmental policies and practices, which comply with existing legislative and regulatory frameworks. In this area, the Group is aiming for best practice in line with its corporate values and long-term objectives.

In reckoning its social responsibility and the significance of broadening its role to areas not directly connected with its operations, the Group, as a corporate citizen, contributed to the development of a number of organisations in the educational, cultural, social and humanitarian fields.

24. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

June 2010	Annual Meeting of Shareholders
August 2010	Publication of Unaudited Condensed Financial Statements for second quarter and half-year ending June 30, 2010
November 2010	Publication of Unaudited Condensed Financial Statements for third quarter ending September 30, 2010. Board of Directors meets to decide on the advisability of declaring a dividend.

Jean Paul CHASTEAU DE BALYON
For Swan Group Corporate Services Limited
Secretary

statement of directors' responsibilities

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;

(ii) the preparation of financial statements which fairly present the state of affairs of the Company and its Subsidiaries as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(iii) applicable accounting standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified.

Signed on behalf of the Board of Directors.

M. E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

independent auditors' report

This report is made solely to the members of The Anglo-Mauritius Assurance Society Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of The Anglo-Mauritius Assurance Society Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 42 to 86 which comprise the balance sheets at December 31, 2009 and the life assurance funds, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 42 to 86 give a true and fair view of the financial position of the Group and of the Company at December 31, 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interest in, the Company or any of its subsidiaries, other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission.

BDO & Co

BDO & CO
(FORMERLY BDO DE CHAZAL DU MEE & CO)
Chartered Accountants

Per M. Yacoob A. Ramtoola, F.C.A.

Port Louis,
Mauritius
31st March 2010

balance sheets

DECEMBER 31, 2009

	Notes	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	**128,382**	150,460	**103,714**	125,475
Investment property	6	**416,286**	402,726	**376,521**	361,924
Intangible assets	7	**43,865**	24,738	**20,116**	1,795
Investments in Subsidiary Companies	8	**-**	-	**72,125**	74,300
Investment in Associated Company	9	**63,748**	35,323	**-**	-
Investment in Financial Assets	10	**12,184,890**	8,746,049	**12,184,890**	8,746,049
Loans and receivables	11	**2,149,335**	2,252,940	**2,149,335**	2,252,940
		14,986,506	11,612,236	**14,906,701**	11,562,483
Current assets					
Trade and other receivables	12	**193,255**	149,751	**179,471**	142,322
Investment in Financial Assets	10	**1,877,950**	2,020,756	**1,877,950**	2,020,756
Loans and receivables	11	**259,998**	277,872	**259,998**	277,872
Short term deposits	13/26(b)	**1,444,910**	1,848,701	**1,444,910**	1,848,701
Cash in hand and at bank	26(b)	**80,608**	140,802	**58,393**	117,625
		3,856,721	4,437,882	**3,820,722**	4,407,276
Total assets		**18,843,227**	16,050,118	**18,727,423**	15,969,759
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to owners of the parent)					
Share Capital	14	**25,000**	25,000	**25,000**	25,000
Proprietors' Fund		**60,702**	103,206	**60,702**	103,206
Owners' Interest		**85,702**	128,206	**85,702**	128,206
Minority Interest	15	**22,523**	16,466	**-**	-
Total equity		**108,225**	144,672	**85,702**	128,206
Technical Provisions					
Life Assurance Fund	2(i)/16	**18,507,136**	15,701,377	**18,427,307**	15,642,587
Gross Outstanding claims		**13,982**	21,286	**13,982**	21,286
		18,521,118	15,722,663	**18,441,289**	15,663,873
Non-current liabilities					
Deferred tax liabilities	17	**189**	240	**-**	-
Retirement Benefit Obligations	18	**76,240**	68,981	**76,019**	69,005
		76,429	69,221	**76,019**	69,005
Current liabilities					
Trade and other payables	19	**128,891**	105,413	**118,211**	102,473
Current tax liabilities	20	**8,564**	8,149	**6,202**	6,202
		137,455	113,562	**124,413**	108,675
Total equity and liabilities		**18,843,227**	16,050,118	**18,727,423**	15,969,759

These financial statements have been approved for issue by the Board of Directors on 31st March 2010.

M. E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

The notes on pages 46 to 86 form an integral part of these financial statements.
Auditors' report on pages 40 and 41.

life assurance fund

FOR THE YEAR ENDED DECEMBER 31, 2009

		THE GROUP		THE COMPANY					
				NON-LINKED	LINKED	TOTAL	NON-LINKED	LINKED	TOTAL
	Notes	2009	2008	2009			2008		
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross Premiums		1,475,053	1,545,647	893,895	581,158	1,475,053	909,239	636,408	1,545,647
Ceded to Reinsurers		(74,010)	(74,862)	(74,010)	-	(74,010)	(74,862)	-	(74,862)
Net insurance premiums		1,401,043	1,470,785	819,885	581,158	1,401,043	834,377	636,408	1,470,785
Consideration for annuities		202,656	225,942	202,656	-	202,656	225,942	-	225,942
Fee income on insurance and investment contracts		116,878	98,044	81,349	-	81,349	73,162	-	73,162
Investment income	21	1,186,852	1,050,895	991,563	207,191	1,198,754	870,316	188,928	1,059,244
Other income	22	52,277	172,088	37,087	15,190	52,277	122,834	49,254	172,088
Gain on exchange		538	185,374	-	538	538	173,834	11,540	185,374
Other operating income - rent		20,859	26,815	16,321	-	16,321	22,343	-	22,343
Share of results of associated company	9	7,677	4,982	-	-	-	-	-	-
		2,988,780	3,234,925	2,148,861	804,077	2,952,938	2,322,808	886,130	3,208,938
Gross death and disablement insurance claims		89,398	72,821	84,442	4,956	89,398	72,447	374	72,821
Recoverable from reinsurers		(24,495)	(11,073)	(24,495)	-	(24,495)	(11,073)	-	(11,073)
Net death and disablement insurance claims		64,903	61,748	59,947	4,956	64,903	61,374	374	61,748
Maturity claims		840,148	693,105	765,665	74,483	840,148	664,826	28,279	693,105
Surrenders		194,051	509,906	111,716	82,335	194,051	356,906	153,000	509,906
Annuities		217,474	187,410	183,048	34,426	217,474	158,977	28,433	187,410
Commissions payable to agents and brokers		106,332	50,310	106,332	-	106,332	50,310	-	50,310
Fees payable		65,697	62,401	22,688	43,009	65,697	25,602	36,799	62,401
Depreciation of property and equipment	5	9,139	8,511	8,603	-	8,603	7,693	-	7,693
Depreciation of investment property	6	7,400	6,949	7,400	-	7,400	6,949	-	6,949
Amortisation of intangible assets	7	6,507	647	6,100	-	6,100	647	-	647
Computer development expenses		3,202	3,862	3,202	-	3,202	3,862	-	3,862
Bad debts		2,005	2,276	2,005	-	2,005	2,276	-	2,276
Marketing and administrative expenses	23	155,074	130,508	137,580	-	137,580	121,282	-	121,282
Loss on exchange		38,738	-	38,738	-	38,738	-	-	-
		1,710,670	1,717,633	1,453,024	239,209	1,692,233	1,460,704	246,885	1,707,589
Surplus for the year before taxation		1,278,110	1,517,292	695,837	564,868	1,260,705	862,104	639,245	1,501,349
Taxation	20	(10,600)	(4,737)	(7,277)	-	(7,277)	(2,308)	-	(2,308)
Surplus for the year		1,267,510	1,512,555	688,560	564,868	1,253,428	859,796	639,245	1,499,041
Surplus transferred as follows:									
- Life Assurance Fund	16	1,261,453	1,375,645	688,560	564,868	1,253,428	726,114	639,245	1,365,359
- Proprietors' Fund		-	133,682	-	-	-	133,682	-	133,682
- Minority Interest	15	6,057	3,228	-	-	-	-	-	-
		1,267,510	1,512,555	688,560	564,868	1,253,428	859,796	639,245	1,499,041

The notes on pages 46 to 86 form an integral part of these financial statements.
Auditors' report on pages 40 and 41.

statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2009

THE GROUP	Notes	Attributable to owners of the parent: Share Capital	Proprietors' Fund	Total	Minority Interest	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2009		**25,000**	**103,206**	**128,206**	**16,466**	**144,672**
Interest allocated		**-**	**9,496**	**9,496**	**-**	**9,496**
Net movement for the year	15	**-**	**-**	**-**	**6,057**	**6,057**
Dividends	24	**-**	**(52,000)**	**(52,000)**	**-**	**(52,000)**
Balance at December 31, 2009		**25,000**	**60,702**	**85,702**	**22,523**	**108,225**
Balance at January 1, 2008		25,000	295	25,295	11,014	36,309
Interest allocated		-	14,229	14,229	-	14,229
Surplus transferred from Life Assurance Fund (page 43)		-	133,682	133,682	-	133,682
Net movement for the year	15	-	-	-	5,452	5,452
Dividends	24	-	(45,000)	(45,000)	-	(45,000)
Balance at December 31, 2008		25,000	103,206	128,206	16,466	144,672

THE COMPANY	Notes	Share Capital	Proprietors' Fund	Total Equity
		Rs'000	Rs'000	Rs'000
Balance at January 1, 2009		**25,000**	**103,206**	**128,206**
Interest allocated		**-**	**9,496**	**9,496**
Dividends	24	**-**	**(52,000)**	**(52,000)**
Balance at December 31, 2009		**25,000**	**60,702**	**85,702**
Balance at January 1, 2008		25,000	295	25,295
Interest allocated		-	14,229	14,229
Surplus transferred from Life Assurance Fund (page 43)		-	133,682	133,682
Dividends	24	-	(45,000)	(45,000)
Balance at December 31, 2008		25,000	103,206	128,206

The notes on pages 46 to 86 form an integral part of these financial statements.

Auditors' report on pages 40 and 41.

cash flow statements

FOR THE YEAR ENDED DECEMBER 31, 2009

	Notes	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
Cash flows from operating activities					
Cash generated from operations	26(a)	**127,996**	117,765	**111,095**	106,976
Investment income received		**1,186,852**	1,070,923	**1,198,754**	1,077,201
Tax paid		**(10,188)**	(1,945)	**(7,277)**	(1,106)
Net cash generated from operating activities		**1,304,660**	1,186,743	**1,302,572**	1,183,071
Cash flows from investing activities					
Purchase of property and equipment	5	**(8,465)**	(3,112)	**(8,246)**	(2,781)
Purchase of investment property	6	**(878)**	(9,558)	**(878)**	(9,507)
Purchase of intangible assets	7	**(25,633)**	(651)	**(25,458)**	(642)
Purchase of financial assets	10	**(4,942,460)**	(5,267,955)	**(4,942,460)**	(5,267,955)
Loans granted		**(233,627)**	(372,201)	**(233,627)**	(372,201)
Redemption/disposal of financial assets		**3,179,127**	3,539,130	**3,179,127**	3,539,130
Disposal of property and equipment		**1,300**	1,130	**1,300**	1,130
Loans received		**352,672**	337,413	**352,672**	337,413
Net cash used in investing activities		**(1,677,964)**	(1,775,804)	**(1,677,570)**	(1,775,413)
Cash flows from financing activities					
Loan repayment from subsidiary		**-**	-	**2,175**	-
Dividends paid	24	**(52,000)**	(45,000)	**(52,000)**	(45,000)
Net cash used in financing activities		**(52,000)**	(45,000)	**(49,825)**	(45,000)
Decrease in cash and cash equivalents		**(425,304)**	(634,061)	**(424,823)**	(637,342)
Movement in cash and cash equivalents					
At January 1,		**1,989,503**	2,438,192	**1,966,326**	2,418,294
Decrease		**(425,304)**	(634,061)	**(424,823)**	(637,342)
Effects of exchange rate changes		**(38,681)**	185,372	**(38,200)**	185,374
At December 31,	26(b)	**1,525,518**	1,989,503	**1,503,303**	1,966,326

The notes on pages 46 to 86 form an integral part of these financial statements.
Auditors' report on pages 40 and 41.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2009

1. GENERAL INFORMATION

The Anglo-Mauritius Assurance Society Limited is a limited liability company incorporated and domiciled in Mauritius. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the Company.

The principal activities of the Company consist of life assurance, pensions, actuarial and investment business and have remained unchanged during the year. The activities of the subsidiary companies are detailed in note 8.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) available-for-sale financial assets are stated at their fair values; and

(ii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

Amendments to published standards, Standards and Interpretations effective in the reporting period

IFRIC 13, 'Customer Loyalty Programmes (effective July 1, 2008)' clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangements using fair values. This IFRIC will not have any impact on the Group's/Company's financial statements.

Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets (effective July 1, 2008) permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments will not have any impact on the Group's/Company's financial statements.

IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation' clarifies that the net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group.

IAS 1 'Presentation of Financial Statements' (Revised 2007), prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in either one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IAS 23 'Borrowing Costs' (Revised 2007), requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This IAS is currently not applicable to the Group/Company as there are no qualifying assets.

IFRS 8 'Operating Segments', requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. This IFRS is not applicable to the Group/Company

Amendments to IAS 32 and IAS 1 'Puttable financial instruments and obligations arising on liquidation', require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The amendment is not expected to have any impact on the Group's/Company's financial statements.

Amendments to IFRS 2 'Vesting conditions and cancellations', clarify that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have any impact on the Group's/Company's financial statements.

Amendments to IFRS 7 'Improving Disclosures about Financial Instruments', requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IFRIC 15, 'Agreements for the Construction of Real Estate', clarifies whether IAS 18, 'Revenue', or IAS 11, Construction contracts', should be applied to particular transactions. IFRIC 15 is not relevant to Group's/Company's operations as all revenue transactions are accounted under IAS 18 and not IAS 11.

Improvements to IFRSs (issued 22 May 2008)

IAS 1 (Amendment), 'Presentation of Financial Statements', clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. This amendment is not expected to have any impact on the Group's/Company's financial statements.

IAS 8 (Amendment), 'Accounting Policies, Changes in Accounting Estimates and Errors' clarifies that application of the guidance issued with IFRSs that is not an integral part of the Standard is not mandatory in selecting and applying accounting policies. This amendment is unlikely to have an impact on the Group's/Company's financial statements.

IAS 10 (Amendment), 'Events after the Reporting Period' reinforces the clarification of the explanation as to why a dividend declared after the reporting period does not result in the recognition of a liability.

IAS 16 (Amendment), 'Property, Plant and Equipment' requires entities whose ordinary activities comprise renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and transfer the carrying amount of the asset to inventories when the asset becomes held for sale. Consequential amendment to IAS 7 requires that cash flows arising from purchase, rental and sale of those assets to be classified as cash flows from operating activities. The amendment will not have an impact on the Group's/Company's operations.

IAS 18 (Amendment), 'Revenue', removes the inconsistency between IAS 39 and the guidance in IAS 18 relating to the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest rate.

IAS 19 (Amendment), 'Employee Benefits', clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

IAS 20 (Amendment) 'Government Grants and Disclosure of Government Assistance', clarifies that the benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. This amendment will not have an impact on the Group's/Company's operations.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

IAS 23 (Amendment), 'Borrowing Costs', has amended the definition of borrowing costs so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This amendment is currently not applicable to the Group/Company as there are no qualifying assets.

IAS 27 (Amendment), 'Consolidated and Separate Financial Statements' requires an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', and is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', to continue to apply IAS 39. The amendment will not have an impact on the Group's/Company's operations.

IAS 28 (Amendment), 'Investments in Associates' clarifies that an investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Where an investment is an investment in an associate that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', only certain rather than all disclosure requirements in IAS 28 need to be made. This amendment will not have an impact on the Group's/Company's operations.

IAS 29 (Amendment), 'Financial Reporting in Hyperinflationary Economies' has amended the guidance to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the Group's/Company's operations.

IAS 31 (Amendment), 'Interests in Joint Ventures' requires where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made. The amendment will not have an impact on the Group's/Company's operations.

IAS 34 (Amendment), 'Interim Financial Reporting' clarifies that the presentation of basic and diluted earnings per share in interim financial reports is required only when the entity is within the scope of IAS 33.

IAS 36 (Amendment), 'Impairment of Assets' clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.

IAS 38 (Amendment), 'Intangible Assets' clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Advertising and promotional activities include mail order catalogues.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement', clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used. The amendment will not have an impact on the Group's/Company's operations.

IAS 40 (Amendment) 'Investment Property', clarifies that property under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The Group/Company had no investment property under construction or development for future use.

IAS 41 (Amendment), 'Agriculture', requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment replaces the terms 'point-of sale costs' and 'estimated point-of-sale costs' with 'costs to sell'. The amendment will not have an impact on the Group's/Company's operations, as no agricultural activities are undertaken.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', clarifies that interest income is not a component of finance costs.

Amendments to published standards, Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2010 or later periods, but which the Group/Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Amendments to IFRIC 9 and IAS 39 Embedded Derivatives
IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
IFRS 3 Business Combinations (Revised 2008)
Amendments to IAS 39 Eligible hedged items
Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary
IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers
Amendments to IFRS 1 Additional Exemptions for First-time Adopters
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions
Classification of Rights Issues (Amendment to IAS 32)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IAS 24 Related Party Disclosures (Revised 2009)
IFRS 9 Financial Instruments

Improvements to IFRSs (issued 22 May 2008)
IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations

Improvements to IFRSs (issued 16 April 2009)
IFRS 2 Share-based Payment
IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations
IFRS 8 Operating Segments
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash Flows
IAS 17 Leases
IAS 18 Revenue
IAS 36 Impairment of Assets
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Property and Equipment

All property and equipment is stated at historical cost/deemed cost less depreciation. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow in and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of each asset, to their residual values over their estimated useful life, as follows:

Buildings	2%
Furniture, fixtures and fittings	10%
Computer equipment	15% - 33.3%
Electrical equipment	10%
Motor vehicles	20%

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the surplus on the Life Assurance Fund.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in the Life Assurance Fund. Decreases that offset previous increases of the same asset are charged against Life Assurance Fund.

(c) Intangible assets

Intangible assets consist of the following:

(i) Goodwill

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Any net excess of the Group's interest in the net fair value of acquiree's net identifiable assets over cost is recognised in the Life Assurance Fund.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) Computer softwares

Acquired computer softwares are capitalised on the basis of costs incurred to acquire and bring to use and are amortised over their estimated useful lives of 3 years. The carrying amounts of the computer softwares are reviewed annually and adjusted for impairment where considered necessary.

(iii) Development and other costs

Development and other costs are recognised as assets and are amortised over their estimated useful life of five years.

(d) Investment Property

Property held to earn rentals or capital appreciation or both and not occupied by the Group is classified as investment property.

Investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight line method to write-off the cost of each asset, to its residual value over its estimated useful life. The principal annual rate used is:-

Buildings: 2%

Land is not depreciated.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining the surplus on the Life Assurance Fund.

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) Investment in subsidiaries

(i) Separate financial statements

In the separate financial statements of the Company, investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

(ii) Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31, each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the Life Assurance Fund from the effective date of their acquisition or up to the effective date of their disposal.

The consolidated financial statements have been prepared in accordance with the purchase method. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Life Assurance Fund in the year of acquisition.

All significant intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(g) Investment in associates

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control. Investments in associates are accounted for by the equity method except when classified as held-for-sale (see below). Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the group's share of the net assets of the associate less any impairment in the value of individual investments.

When the group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

(h) Financial assets

The Group classifies its financial assets into the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the investments at initial recognition and re-evaluates this at every reporting date.

(i) Loans and receivables
Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months of balance sheet date or non-current assets for maturities greater than twelve months.

(ii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.
Purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Investments are initially recorded at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity of the subsidiaries and in the Life Assurance Fund for the company, until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in equity or in the Life Assurance Fund is included in the Income Statement or the Life Assurance Fund as gains and losses on financial assets. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the Income Statement or the Life Assurance Fund as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and net assets basis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that previously recognised in equity, is removed from equity and recognised in the Income Statement. Impairment loss for the Company is recognised in the Life Assurance Fund.

If there is evidence of impairment loss on loans or held-to-maturity investments carried at amortised cost, the amount of loss is measured as the difference between the asset's carrying amount and present value of estimated future cash flows (net of future credit losses), discounted at the asset's original effective interest rate. The amount of loss is recognised in the Income Statement or the Life Assurance Fund.

(iv) Trade and other receivables and payables
Trade receivables and payables relate to insurance contracts and are recognised when due. These include amounts due to and from reinsurers, agents, brokers and insurance contract holders.

(i) Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in the income statement or the Life Assurance Fund.

(ii) Trade and other payables
Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

The carrying amounts of trade receivables and payables and other receivables and payables are assumed to approximate their fair values.

(v) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

(i) Life Assurance Fund

(i) Non-Linked Account
The surplus on the Life Assurance Fund-Non-Linked Account for the year is retained in the Life Assurance Fund. The adequacy of the fund is determined by actuarial valuation every three years.

(ii) Linked Account
Earmarked assets in respect of segregated funds are assigned in the name of the Life Assurance Fund.

(j) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings comprise mainly of obligations under finance leases and other interest free and unsecured loans without fixed repayment terms. The carrying amounts of these borrowings approximate their fair values.

(k) Retirement Benefit Obligations

(i) Defined Benefit Plan
The Group contributes to a defined benefit plan, the assets of which are held independently and administered by The Anglo-Mauritius Assurance Society Limited.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method, so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of plans every three years. Cumulative actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans in excess of the greater of 10% of the value of the Plan Assets or 10% of the defined benefit obligation are spread to income over the average remaining working lives of the related employees.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates a defined contribution retirement benefit plan for all qualifying employees (new entrants and their dependents). Payments to deferred contribution retirement plans are charged as an expense as they fall due.

(iii) The Company

The Company, The Anglo-Mauritius Assurance Society Limited, has a retirement pension fund for its employees which is internally managed. Full liability of the Retirement Benefit Obligations has been recognised as the assets are not legally separate and cannot therefore be considered as Plan Assets.

(l) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

The principal temporary differences arise from depreciation on property and equipment, tax losses and retirement benefit obligations.

(m) Insurance contracts - The Company

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance contracts are derecognised when all rights and obligations are extinguished or expired. Contracts that do not transfer significant insurance risk are investment contracts. The Company considers that virtually all its long-term products are insurance contracts.

Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder.

Insurance contracts issued by the Company are classified into the following main categories:

(i) Long-term insurance contracts without fixed terms and with discretionary participating feature (DPF)

This type of contracts entitles the contract holders to a minimum guaranteed amount. The Discretionary Participating Feature (DPF) component gives the contract holders contractual rights to bonuses in addition to the minimum guaranteed amounts. A bonus is declared when the actual return on backing assets is higher than the expected return at inception of the contract. The amount and timing of the settlement of the DPF element is however at the discretion of the Company. The bonus is derived from the DPF eligible surplus available arising mainly from upon revaluation of backing assets. Revaluation of long-term business assets is carried out by independent Actuaries on a triennial basis.

The Company has legal obligation to eventually pay to contract holders at least 90% of the DPF eligible surplus. Any portion of the DPF eligible surplus that is not declared as a bonus rate and not credited to individual contract holders accounts is retained as a liability for the benefit of all contract holders until declared and credited to them individually in future periods. Equity holders' share of the DPF eligible surplus, equal to 10%, is transferred from the Life Assurance Fund to the Proprietors' funds on a triennial basis when bonuses are declared.

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events with human life (for example death or survival) over a long duration. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions such as mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

(iii) Unit-Linked

A unit-linked insurance contract includes an embedded derivative linking payments on the contract to units of investment (unitised) funds set up by the Company with consideration received from contract holders. This embedded derivative meets the definition of an insurance contract and is therefore not accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

(n) Revenue recognition - Premiums Earned

(i) The Group

Revenue comprises the fair value for services rendered and after eliminating revenue within the Group.

(ii) The Company

Premiums earned on long-term insurance contracts are recognised as income when they become payable by the contract holder. When policies lapse (due to non-receipt of premiums) within two years for unit-linked business and three years for other contracts, the related unpaid premium income due from the date they are deemed to have lapsed is reversed against premiums in the Life Assurance Fund. For contracts that lapse after longer periods, a surrender or paid up value is refunded to contract holders based on the terms of the contracts.

(o) Liability adequacy test

The Company's independent Actuaries review contract liabilities and carry out a liability adequacy test using current estimates of future contractual cash flows after taking into account the investment return expected on assets relating to the relevant long-term business. Any deficiency is immediately recognised to the Life Assurance Fund by establishing a provision for the losses arising from liability adequacy test (the unexpired risk provision).

(p) Reinsurance contracts

Contracts entered into by the Company with Reinsurers under which it is compensated for losses are classified as reinsurance contracts held. The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company's reinsurance assets arise from 'First Surplus Obligatory' treaty arrangements. Reinsurance assets are assessed for impairment on a regular basis. If ever there is objective evidence that the assets are impaired, the carrying amounts are reduced to the recoverable amounts and impairments recognised in the Life Assurance Fund.

(q) Other revenue recognition

(i) Consideration for annuities - upon maturity of insurance contracts.
(ii) Rental income - as it accrues based on the terms of the rental contract.
(iii) Interest income - as it accrues unless collectibility is in doubt.
(iv) Dividend income - when the shareholder's right to receive payment is established.

(r) Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entities operate ("functional currency"). The consolidated financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement or Life Assurance Fund. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items such as financial assets classified as available-for-sale financial assets, are included in the fair value reserve in the Life Assurance Fund.

(iii) Group companies

The results and financial position of the subsidiary, Swan International Co Ltd holding a Global Business 1 Licence (GBL 1), which has a functional currency different from that of the presentation currency of the Company, are translated as follows:

(a) assets and liabilities are translated at the closing balance sheet date rate;
(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(c) the resulting exchange differences are recognised in the 'Translation Reserve', as a separate component of equity.

In the event of disposal of the above subsidiary, such translation differences are recognised in the Income Statement as part of the gain or loss on sale.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance or financial risk or both. This section summarises the main risks linked to long-term insurance business and the way they are managed.

A description of the significant risk factors is given below together with the risk management policies applicable.

3.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

(a) Insurance contracts

(i) Concentration, frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. Insurance risk is therefore subject to contract holders' behaviours and the impact of contract holders' behaviours have been factored into the assumptions used to measure insurance liabilities.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company balances death risk and survival risk across its portfolio. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company has defined group-wide retention limit on any single life insured and reinsures the excess of the insured benefit over its retention limit. The retention limit is further reinsured through a Catastrophe Risk Reinsurance treaty. The Company does not have any reinsurance covers for contracts that insure survival risk.

(ii) Sources of uncertainty in the estimation of future payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holders' behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Company's experience.

3.2 Financial risk

The Group's activities are exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund the obligations arising from insurance contracts.

The most important components of this financial risk are:

- Market risk (which includes currency risk, interest rate risk and equity price risk)
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

3.2.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cashflows of financial instruments from fluctuation in interest rates, equity prices, property prices and foreign currency exchange rates.

The Group has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Group monitors adherence to this market risk policy through the Group Investment Committee. The Group Investment Committee is responsible for managing market risk at Company levels.

The financial impact from market risk is monitored at Board level through investment reports which examine impact of changes in market risk on investment returns and asset values. The Group's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

(i) Currency risk

The Group:
The Company has an investment in a Global Business Licence ('GBL') company which in turn holds an equity investment in Seychelles. The net assets of the GBL company is exposed to currency translation risk.

The Company:
The Company purchases reinsurance contracts internationally, thereby exposing it to foreign currency fluctuations. The Company's primary exposures are with respect to the Euro, US Dollar and UK pound sterling. The Company also has a number of investments in foreign currencies which are exposed to currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The Group's financial assets and financial liabilities by currency is detailed below:

At December 31, 2009	Rs	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
- Financial assets	10,699,284	23,590	2,608,397	568,325	163,244	14,062,840
- Loans and receivables	2,409,333	-	-	-	-	2,409,333
- Other non-current assets	652,281	-	-	-	-	652,281
- Current assets						
• Trade and other receivables	193,255	-	-	-	-	193,255
• Bank balances, deposits and cash	540,161	10,836	400,172	573,611	738	1,525,518
TOTAL ASSETS	14,494,314	34,426	3,008,569	1,141,936	163,982	18,843,227
Liabilities						
- Technical Provisions :						
• Life assurance fund	18,507,136	-	-	-	-	18,507,136
• Outstanding claims and IBNR	13,982	-	-	-	-	13,982
- Non-current liabilities	76,429	-	-	-	-	76,429
- Current liabilities	137,455	-	-	-	-	137,455
TOTAL LIABILITIES	18,735,002	-	-	-	-	18,735,002

At December 31, 2008	Rs	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
- Financial assets	8,994,575	16,801	1,413,388	300,811	41,230	10,766,805
- Loans and receivables	2,530,812	-	-	-	-	2,530,812
- Other non-current assets	613,247	-	-	-	-	613,247
- Current assets						
• Trade and other receivables	149,751	-	-	-	-	149,751
• Bank balances, deposits and cash	374,400	8,119	795,907	809,710	1,367	1,989,503
TOTAL ASSETS	12,662,785	24,920	2,209,295	1,110,521	42,597	16,050,118
Liabilities						
- Technical Provisions:						
• Life assurance fund	15,701,377	-	-	-	-	15,701,377
• Outstanding claims and IBNR	21,286	-	-	-	-	21,286
- Non-current liabilities	69,221	-	-	-	-	69,221
- Current liabilities	113,562	-	-	-	-	113,562
TOTAL LIABILITIES	15,905,446	-	-	-	-	15,905,446

Sensitivity
If the rupee had weakened/strengthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses.

	GBP		USD		EURO		OTHERS	
	+5%	-5%	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Life Assurance Fund :								
- At December 31, 2009								
- Financial assets	**1,180**	**(1,180)**	**130,420**	**(130,420)**	**28,416**	**(28,416)**	**8,062**	**(8,062)**
- Bank balances, deposits and cash	**542**	**(542)**	**20,009**	**(20,009)**	**28,681**	**(28,681)**	**37**	**(37)**
- At December 31, 2008								
- Financial assets	840	(840)	70,669	(70,669)	15,040	(15,040)	2,062	(2,062)
- Bank balances, deposits and cash	406	(406)	39,795	(39,795)	40,485	(40,485)	68	(68)

(ii) Interest rate risk
The Group:
Interest rate risk arises from the Group's investments in long-term debt securities and fixed income securities (Held-to-Maturity Investments), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short-term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

The Company:
For liabilities under long-term insurance contracts with fixed and guaranteed terms, changes in interest rate will not cause a change to the amount of liability because their carrying amounts are not affected by the level of market interest rates.

For unit-linked contracts, the Company matches all the assets on which the unit prices are based with assets in the portfolio. There is therefore no price, currency or interest risk on these contracts.

However for insurance contracts with DPF, the DPF element liabilities are directly affected by changes in the level of interest rates to the extent that they affect the carrying amount of underlying assets. An increase in the value of the assets would require all other assumptions being equal, an increase in the DPF liability and vice versa.

Management regularly monitors the sensitivity of reported interest rate movements.

Sensitivity
A change of 5% in interest rates has no material impact on the DPF eligible surplus of the life fund.

(iii) Equity price risk
The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out investment concentration as part as overall prudent portfolio investment policy.

The Group does not have material holdings in unquoted equity securities. The Investment Committee actively monitors equity assets owned directly by the Company as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the Life Assurance Fund had the equity market values increased/decreased by 1% with other assumptions left unchanged would have been as follows:

	Impact on Shareholders' equity	
	+1%	-1%
At December 31, 2009	Rs'm	Rs'm
- Available for sale financial assets	**87**	**(87)**
At December 31, 2008		
- Available for sale financial assets	55	(55)

3.2.2 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Group's credit risk is primarily attributable to :

- reinsurer's share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries.

The amounts presented in the balance sheets are net of allowances for estimated irrecoverable amount receivables, based on management's prior experience and the current economic environment.

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Group has policies in place to ensure that sales of services are made to clients, agents, and brokers with sound credit history.

Reinsurance credit exposures - The Company
The Company is however exposed to concentrations of risks with respect to its reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company is exposed to the possibility of default by its reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Company's largest reinsurance counterparty is Swiss Re. At December 31, 2009 the reinsurance assets recoverable was **Rs.21m** (2008 : Rs.6.1m).

This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Company will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

The following table provides information regarding the carrying value of loans and receivables that have been impaired and the ageing of financial assets that are past due but not impaired. Financial assets and trade and other receivables of the Group are neither past due nor impaired.

	Neither past due nor impaired	Financial assets that have been impaired	Carrying amount at year end
	Rs'000	Rs'000	Rs'000
2009			
- Loans and receivables	**2,393,333**	**16,000**	**2,409,333**
2008			
- Loans and receivables	2,516,811	14,000	2,530,812

3.2.3 Liquidity risk

The Group has strong liquidity positions and liquidity risk is considered to be low. Through the application of the liquidity management policy, the Group seeks to maintain sufficient financial resources to meet its obligations as they fall due.

The Group's financial liabilities which include outstanding claims and trade and other payables have all maturity within one year.

3.2.4 Capital Management

The main objectives of the Company when managing capital are:

- to maintain at all times the Minimum Capital Requirement as required by the Insurance Act 2005, i.e as determined by the company's actuary at the higher of :

  (a) a stress test requirement determined in accordance with guidelines issued by the Commission or
  (b) the higher of an amount of Rs. 25m or an amount representing 13 weeks' operating expenses.

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Company is required to maintain at all times a solvency margin that is at least equal to the Minimum Capital Requirement.

The Company's capital and solvency margins are above the minimums required by the Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

3.2.5 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group and the Company use a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Insurance contracts - The Company

(i) Estimates of future benefit payments
Long-term business technical provisions are computed using statistical or mathematical methods. The computations are made by the Company's Actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down by the law and by actuarial best practices. The methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the professionals undertaking the valuations.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk.

For contracts without fixed terms, it is assumed that the Company will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Under certain contracts, where the Company has offered guaranteed annuity options, estimates are made based on the percentage of contract holders that will exercise them. Changes in investment conditions could result in significantly more contract holders exercising their options than has been assumed.

Estimates are also made as to the future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. Estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. New estimates are made each subsequent year in order to determine whether the previous liabilities are adequate in the light of these latest estimates. If the liabilities are considered adequate, the assumptions are not altered. If they are not adequate, the assumptions are altered ('unlocked') to reflect the best estimate assumptions.

(ii) Sensitivity

The reasonableness of the estimation process of future benefit payments is tested by an analysis of sensitivity under several different scenarios. This analysis enables the Company to assess the most significant assumptions and monitor the emerging variations accordingly.

4.2 Reinsurance - The Company

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by their Reinsurers. The Company monitors the financial strength of their Reinsurers. Allowance is made in the financial statements for non-recoverability due to Reinsurer's default as required.

4.3 Held-to-maturity investments

The Group applies International Accounting Standard (IAS) 39 - Financial Instruments "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making their judgement for classification, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value and not amortised cost.

4.4 Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when a financial asset is permanently impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry, sector performance, changes in operations and technology.

4.5 Impairment of other assets

At each balance sheet date, management reviews and assesses the carrying amounts of other assets and where relevant write them down to their recoverable amounts based on best estimates.

4.6 Limitation of sensitivity analysis

The sensitivity analyses demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

5. PROPERTY AND EQUIPMENT

THE GROUP - 2009	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) COST/DEEMED COST						
At January 1, 2009	151,954	73,993	34,014	2,248	23,026	285,235
Additions	-	2,946	5,519	-	-	8,465
Consolidation adjustment	(7,343)	9,605	(11)	-	-	2,251
Transfer	(14,875)	(7,290)	-	-	-	(22,165)
Disposals	-	-	-	-	(5,151)	(5,151)
At December 31, 2009	**129,736**	**79,254**	**39,522**	**2,248**	**17,875**	**268,635**
DEPRECIATION						
At January 1, 2009	17,025	69,407	31,053	2,166	15,124	134,775
Charge for the year	2,113	1,613	3,590	82	1,741	9,139
Consolidation adjustment	150	2,108	(3)	-	(4)	2,251
Transfer	(2,083)	-	-	-	-	(2,083)
Disposal adjustment	-	-	-	-	(3,829)	(3,829)
At December 31, 2009	**17,205**	**73,128**	**34,640**	**2,248**	**13,032**	**140,253**
NET BOOK VALUE						
At December 31, 2009	**112,531**	**6,126**	**4,882**	**-**	**4,843**	**128,382**

5. PROPERTY AND EQUIPMENT (CONT'D)

THE GROUP - 2008	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs '000	Rs'000	Rs'000	Rs'000
(a) COST/DEEMED COST						
At January 1, 2008	151,954	73,477	32,408	2,248	28,653	288,740
Additions	-	516	1,751	-	845	3,112
Disposals	-	-	(145)	-	(6,472)	(6,617)
At December 31, 2008	**151,954**	**73,993**	**34,014**	**2,248**	**23,026**	**285,235**
DEPRECIATION						
At January 1, 2008	14,615	67,812	29,320	2,112	19,128	132,987
Charge for the year	2,410	1,595	1,878	54	2,273	8,210
Disposal adjustment	-	-	(145)	-	(6,277)	(6,422)
At December 31, 2008	**17,025**	**69,407**	**31,053**	**2,166**	**15,124**	**134,775**
NET BOOK VALUE						
At December 31, 2008	**134,929**	**4,586**	**2,961**	**82**	**7,902**	**150,460**

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY - 2009	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(c) COST					
At January 1, 2009	120,512	80,410	32,631	21,225	254,777
Additions	-	2,900	5,346	-	8,246
Adjustment		2,307			2,307
Transfers	(14,875)	(7,290)	-	-	(22,165)
Disposals	-	-	-	(5,151)	(5,151)
At December 31, 2009	**105,637**	**78,327**	**37,977**	**16,074**	**238,014**
DEPRECIATION					
At January 1, 2009	16,653	68,852	29,837	13,960	129,302
Charge for the year	2,113	1,531	3,457	1,502	8,603
Adjustment	-	2,307	-	-	2,307
Transfers	(2,083)	-	-	-	(2,083)
Disposal adjustment	-	-	-	(3,829)	(3,829)
At December 31, 2009	**16,683**	**72,690**	**33,294**	**11,633**	**134,300**
NET BOOK VALUE					
At December 31, 2009	**88,954**	**5,637**	**4,683**	**4,441**	**103,714**

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY - 2008	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(c) COST					
At January 1, 2008	120,512	72,605	31,205	26,852	251,173
Additions	-	365	1,571	845	2,781
Amalgamation adjustment	-	7,440	-	-	7,440
Disposals	-	-	(145)	(6,472)	(6,617)
At December 31, 2008	**120,512**	**80,410**	**32,631**	**21,225**	**254,777**
DEPRECIATION					
At January 1, 2008	14,243	67,329	28,257	18,202	128,031
Charge for the year	2,410	1,523	1,725	2,035	7,693
Disposal adjustment	-	-	(145)	(6,277)	(6,422)
At December 31, 2008	**16,653**	**68,852**	**29,837**	**13,960**	**129,302**
NET BOOK VALUE					
At December 31, 2008	**103,859**	**11,558**	**2,794**	**7,265**	**125,475**

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

6. INVESTMENT PROPERTY - LAND AND BUILDINGS

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
COST		
At January 1, 2009	441,733	400,683
Additions	878	878
Transfer	22,165	23,202
At December 31, 2009	**464,776**	**424,763**
DEPRECIATION		
At January 1, 2009	39,007	38,759
Charge for the year	7,400	7,400
Transfer	2,083	2,083
At December 31, 2009	**48,490**	**48,242**
NET BOOK VALUE	**416,286**	**376,521**
COST		
At January 1, 2008	432,175	361,947
Additions	9,558	9,507
Amalgamation adjustment	-	29,229
At December 31, 2008	**441,733**	**400,683**
DEPRECIATION		
At January 1, 2008	32,058	29,902
Charge for the year	6,949	6,949
Amalgamation adjustment	-	1,908
At December 31, 2008	**39,007**	**38,759**
NET BOOK VALUE		
At December 31, 2008	**402,726**	**361,924**

6. INVESTMENT PROPERTY - LAND AND BUILDINGS (CONT'D)

(a) The fair value of investment property is estimated as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
At December 31,	**975,397**	975,397	**908,897**	908,897

The investment property were revalued in December 2008 by International Valuers Limited, on an open market value basis and is performed every 3 years.

The following have been recognised in the Life Assurance Fund.

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	**39,031**	43,615	**34,897**	39,663
Direct operating expenses	**18,264**	16,578	**18,264**	16,578

7. INTANGIBLE ASSETS

THE GROUP - 2009	Goodwill	Computer Softwares	Development Cost	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	22,128	6,752	-	28,881
Additions	-	3,658	21,975	25,633
At December 31,	**22,128**	**10,410**	**21,975**	**54,514**
AMORTISATION				
At January 1,	-	4,142	-	4,142
Charge for the year	-	2,112	4,395	6,507
At December 31,	**-**	**6,254**	**4,395**	**10,649**
NET BOOK VALUE	**22,128**	**4,156**	**17,580**	**43,865**

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

7. INTANGIBLE ASSETS (CONT'D)

THE COMPANY - 2009	Computer Softwares	Development Cost	Total
	Rs'000	Rs'000	Rs'000
COST			
At January 1,	4,194	-	4,194
Additions	3,483	21,975	25,458
Transfer	(1,037)	-	(1,037)
At December 31,	**6,640**	**21,975**	**28,615**
AMORTISATION			
At January 1,	2,399	-	2,399
Charge for the year	1,705	4,395	6,100
At December 31,	**4,104**	**4,395**	**8,499**
NET BOOK VALUE	**2,536**	**17,580**	**20,116**

	THE GROUP			THE COMPANY
	2008			2008
	Goodwill	Computer Softwares	Total	Computer Softwares
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	22,128	6,101	28,229	2,515
Additions	-	651	651	642
Amalgamation adjustment	-	-	-	1,037
At December 31,	**22,128**	**6,752**	**28,880**	**4,194**
AMORTISATION				
At January 1,	-	3,144	3,144	1,752
Charge for the year	-	998	998	647
At December 31,	**-**	**4,142**	**4,142**	**2,399**
NET BOOK VALUE	**22,128**	**2,610**	**24,738**	**1,795**

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2009	2008
	Rs'000	Rs'000
(a) UNQUOTED		
At January 1,	**74,300**	126,338
Amalgamation adjustment	**-**	(52,038)
Refund of loan	**(2,175)**	-
At December 31,	**72,125**	74,300
Made up as follows:		
Investments	**72,125**	72,125
Loan to subsidiary company	**-**	2,175
	72,125	74,300

8. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST (CONT'D)

(b) The financial statements of the following subsidiaries, incorporated in Mauritius, have been included in the consolidated financial statements. The subsidiaries have a reporting date of December 31st and operate on the local market, with the exception of Swan International Ltd which holds a Category 1 Global Business Licence.

Name of subsidiary	Class of shares held	Stated Capital		Nominal value of investment		Proportion of ownership interest and voting power held		Main business
		2009	2008	**2009**	2008	**2009**	2008	
		Rs'000	Rs'000	**Rs'000**	Rs'000	**%**	%	
• Manufacturers' Distributing Station Limited	Ordinary	**961**	961	**47,686**	47,686	**99.80%**	99.80%	• Investment Company
• Pension Consultant and Administration Limited	Ordinary	**4,100**	4,100	**22,825**	25,000	**100%**	100%	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	Ordinary	**1,000**	1,000	**1,000**	1,000	**100%**	100%	• Fund management and investment consulting
• Swan Group Corporate Services Ltd	Ordinary	**1,000**	1,000	**500**	500	**50%**	50%	• Provide secretarial services to Swan Group
• Société de la Croix *	Parts	**2,500**	2,500	**-**	-	**100%**	100%	• Investment entity
• Société de la Montagne *	Parts	**45,654**	45,654	**-**	-	**100%**	100%	• Investment entity
• Société de la Rivière *	Parts	**2,500**	2,500	**-**	-	**100%**	100%	• Investment entity
		USD	USD					
• Swan International Ltd	Ordinary	**7,000**	7,000	**114**	114	**49%**	49%	• Reinsurance brokers and consultants

(c) * The Company owns 100% of the three above-named sociétés through Manufacturers' Distributing Station Limited.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

9. INVESTMENTS IN ASSOCIATED COMPANY

(a) Group's share of net assets

		2009	2008
		Rs'000	Rs'000
At January 1,		35,323	54,171
Share of results of associated company (page 43)		7,677	4,982
Dividends		(6,391)	(1,942)
Other equity movements		4,011	-
Exchange difference		23,128	(21,888)
At December 31,	Rs.	63,748	35,323

(b) The Group's interest in the associated company was as follows:

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest Indirect
		Rs'000	Rs'000	Rs'000	Rs'000	%
2009						
State Assurance Co. Ltd (SACL)	December 31,	614,712	268,585	183,788	42,345	18.13%
2008						
State Assurance Co. Ltd (SACL)	December 31,	886,304	684,880	112,112	27,479	18.13%

10. FINANCIAL ASSETS

	THE GROUP AND THE COMPANY			
	2009			2008
	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Local Securities				
At January 1,	5,108,462	3,886,113	8,994,575	10,297,573
Additions	3,122,481	630,890	3,753,371	4,263,719
Increase/(decrease) in fair value	-	929,869	929,869	(2,587,813)
Disposals	(2,868,780)	(71,274)	(2,940,054)	(3,027,794)
Accrued interest	(49,721)	-	(49,721)	48,890
At December 31,	5,312,442	5,375,598	10,688,040	8,994,575

(b) Foreign Securities	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	-	1,772,230	1,772,230	1,781,869
Additions	-	1,189,089	1,189,089	1,004,236
Increase/(decrease) in fair value	-	601,899	601,899	(673,497)
Disposals	-	(188,418)	(188,418)	(340,378)
At December 31,	-	3,374,800	3,374,800	1,772,230
Total	5,312,442	8,750,398	14,062,840	10,766,805

Analysed as follows:	2009	2008
	Rs'000	Rs'000
Non-current	12,184,890	8,746,049
Current	1,877,950	2,020,756
	14,062,840	10,766,805

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks and Treasury Bills with interest rates varying from 4.65 % to 6.00% (2008: 10% to 10.75%).

(d) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.

(e) The Directors do not consider the investee companies with a shareholding in excess of 20% to be "Associated Companies" as The Anglo-Mauritius Assurance Society Limited does not exercise significant influence over these companies.

(f) None of the financial assets are either past due or impaired.

(g) The ageing of financial assets are disclosed in note 3.2.2.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

11. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
Loans on policies	**94,824**	96,788
Loans on residential properties	**1,865,017**	1,904,562
Loans on business properties	**344,025**	412,170
Cumulative accrued interest	**98,810**	101,245
Less impairment provision (see note (a) below)	**(16,000)**	(14,000)
	2,386,676	2,500,765
Loans to related corporations	**22,657**	30,047
	2,409,333	2,530,812
Analysed as follows:-		
Non-current	**2,149,335**	2,252,940
Current	**259,998**	277,872
	2,409,333	2,530,812

(a) Movements on the provisions for impairments of loans and receivables are as follows :

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
At January 1,	**14,000**	12,000
Impairment provision	**2,000**	2,000
At December 31,	**16,000**	14,000

(b) The rate of interest on loans vary from 6% to 14% (2008 : 6% to 12.5%).

(c) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.

(d) Loans and receivables are secured by guarantees. Impairment provision has been booked where recovery was estimated as doubtful.

(e) The ageing of loans and receivables is disclosed in note 3.2.2.

(f) The fair value of loans asset receivable approximate their amount cost.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000
• Receivables arising from insurance and reinsurance contracts:				
- Due from contract holders - Individuals	17,965	18,733	17,965	18,731
- Schemes	41,661	37,184	41,661	37,185
• Claims recoverable from Reinsurers	21,070	3,250	21,070	3,250
• Interest and other receivables	81,789	81,480	62,382	70,044
• Receivables from related parties:				
- Holding Company	30,770	9,104	30,770	9,105
- Subsidiary Companies	-	-	5,623	4,007
	193,255	149,751	179,471	142,322

(a) The ageing of trade and other receivables is disclosed in note 3.2.2.

(b) The other classes within trade and other receivables do not include impaired assets.

(c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

(d) Trade and other receivables are neither past due nor impaired and the Group does not hold any collateral security for trade and other receivables.

(e) The carrying amounts of trade and other receivables have been assumed to approximate their fair values.

13. SHORT-TERM DEPOSITS

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000
Short-term deposits (see note (a) & 26(b))	1,444,910	1,848,701	1,444,910	1,848,701

(a) Short term deposits comprise of foreign deposits, moneys-at-call and savings accounts. The rates of interest vary between 4.5% to 5.5% (2008: 8.6% to 9.5%).

14. SHARE CAPITAL

	Authorised	Issued and fully paid
	2009 & 2008	2009 & 2008
	Rs'000	Rs'000
2,500,000 ordinary shares of Rs 10.- each	25,000	25,000

15. MINORITY INTEREST

	THE GROUP	
	2009	2008
	Rs'000	Rs'000
At January 1,	16,466	11,014
Share of net surplus for the year	6,057	3,228
Share of dividends of subsidiary companies	-	2,224
At December 31,	22,523	16,466

16. LIFE ASSURANCE FUND

(a) THE GROUP

	2009				2008
	Surplus	Fair value reserve	Associate's reserve	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	13,596,018	2,094,789	10,570	15,701,377	17,607,922
Surplus on Life Assurance Fund for the year (page 43)	1,261,453	-	-	1,261,453	1,375,645
Fair value changes on available-for-sale financial assets	-	1,558,180	-	1,558,180	(3,007,810)
Release from fair value reserve	-	(26,888)		(26,888)	(253,023)
Share of reserves of associated company	-	-	13,014	13,014	(21,357)
At December 31,	14,857,471	3,626,081	23,584	18,507,136	15,701,377

(b) THE COMPANY

	2009				2008			
	Non-Linked	Linked	Fair value reserve	Total	Non-Linked	Linked	Fair value reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	10,829,335	2,718,463	2,094,789	15,642,587	10,113,601	2,079,218	5,355,622	17,548,441
Amalgamation adjustment	-	-	-	-	(10,380)	-	-	(10,380)
Surplus on Life Assurance Fund for the year (page 43)	688,560	564,868	-	1,253,428	726,114	639,245	-	1,365,359
Release from fair value reserve	-	-	(26,888)	(26,888)	-	-	(253,023)	(253,023)
Fair value changes on available-for-sale financial assets	-	-	1,558,180	- 1,558,180	-	-	(3,007,810)	(3,007,810)
At December 31,	11,517,895	3,283,331	3,626,081	18,427,307	10,829,335	2,718,463	2,094,789	15,642,587

(c) The liability component of the Discretionary Participating Feature (DPF) within the Life Assurance Fund is included in the Non-Linked Account.

17. DEFERRED TAX LIABILITIES

Deferred taxes are calculated on all temporary differences under the liability method at 15% (2008: 15%). The movement on the deferred tax account is as follows:

	THE GROUP	
	2009	2008
	Rs'000	Rs'000
At January 1,	**240**	1,317
Movement for the year	**(51)**	125
Eliminated upon business combination	**-**	(1,202)
At December 31,	**189**	240

Deferred tax liabilities and deferred tax charge in the Life Assurance Fund are attributable to accelerated tax depreciation and retirement benefit obligations.

18. RETIREMENT BENEFIT OBLIGATIONS

(i) The assets of the fund are held independently and administered by The Anglo-Mauritius Assurance Society Limited.

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
(ii) The amounts recognised in the Balance Sheet are as follows:				
Present value of funded obligations	**99,697**	97,968	**96,072**	94,801
Fair value of plan assets	**(3,004)**	(2,772)	**-**	-
	96,693	95,196	**96,072**	94,801
Unrecognised actuarial losses	**(20,453)**	(26,215)	**(20,053)**	(25,796)
Liability in the balance sheet	**76,240**	68,981	**76,019**	69,005

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
(iii) The movement in the defined benefit obligation over the year is as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At January 1,	**97,968**	85,160	**94,801**	82,824
Current service cost	**4,451**	3,803	**4,196**	3,595
Interest cost	**9,952**	8,953	**9,611**	8,685
Actuarial losses	**(4,398)**	7,642	**(4,260)**	7,287
Benefits paid	**(8,276)**	(7,590)	**(8,276)**	(7,590)
At December 31,	**99,697**	97,968	**96,072**	94,801

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP		THE COMPANY	
(iv) The movement in the fair value of plan assets of the year is as follows:	2009 Rs'000	2008 Rs'000	2009 Rs'000	2008 Rs'000
At January 1,	2,773	2,504	-	-
Expected return on plan assets	298	261	-	-
Actuarial losses	(128)	(117)	-	-
Employer contributions	8,370	7,740	8,276	7,590
Scheme expenses	(3)	(1)	-	-
Cost of insuring risks benefits	(30)	(25)	-	-
Benefits paid	(8,276)	(7,590)	(8,276)	(7,590)
At December 31,	3,004	2,772	-	-

(v) The amounts recognised in Life Assurance Fund are as follows:	2009 Rs'000	2008 Rs'000	2009 Rs'000	2008 Rs'000
Current service cost	4,451	3,803	4,196	3,595
Interest cost	9,952	8,953	9,611	8,685
Expected return on plan assets	(298)	(261)	-	-
Net actuarial losses recognised during the year	1,491	1,022	1,483	1,023
Scheme expenses	3	1	-	-
Cost of insuring risks benefits	30	25	-	-
Total included in employee benefit expense (note 23)	15,629	13,543	15,290	13,303

(vi) The movement in the liability recognised in Balance Sheet.

	2009 Rs'000	2008 Rs'000	2009 Rs'000	2008 Rs'000
At January 1,	68,981	63,178	69,005	63,292
Total expenses as above	15,629	13,543	15,290	13,303
Employer contributions	(8,370)	(7,740)	(8,276)	(7,590)
At December 31,	76,240	68,981	76,019	69,005
Actual return on plan assets	170	130	-	-

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vii) The assets in the plan and the expected return were:

	THE GROUP			
	2009		2008	
	Rs'000	%	Rs'000	%
Local Equities	1,127	13%	1,040	13%
Overseas Equities	675	13%	656	10 - 13%
Fixed Interest	1,052	10%	894	10%
Properties	150	6-8%	182	6%
Total market value of assets	3,004		2,772	

(viii) The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(ix) The company is not expected to make any contributions to the pension scheme for the year ending December 31, 2009.

(x) Amounts for the current and previous two years for the company are as follows:

	2009	2008	2007
	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	96,072	94,801	82,824
Experience adjustments on plan liabilities	(4,260)	7,286	8,425

(xi) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2009	2008
	%	%
Discount rate	10.0	10.0
Expected return on plan assets	10.5	10.5
Future salary increases	8.0	8.0
Future pension increases	-	-

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Trade payables:				
- Insurance contracts	**15,095**	16,207	**15,095**	16,207
• Other payables and accruals	**111,496**	85,862	**100,479**	82,005
• Amounts due to related parties:				
- Holding company	**2,300**	3,344	**2,300**	3,344
- Subsidiary companies	**-**	-	**337**	917
	128,891	105,413	**118,211**	102,473

(a) Currency analysis of trade and other payables is disclosed in note 3.2.1.

(b) The carrying amounts of trade and other payables have been assumed to approximate their fair values.

20. CURRENT TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjusted profit for the year				
at 15% (2008: 15%)	**9,576**	8,149	**6,202**	6,202
Under/(over) provision in previous year	**1,075**	(3,536)	**1,075**	(3,894)
Movement in deferred tax	**(51)**	124	**-**	-
Tax charge for the year	**10,600**	4,737	**7,277**	2,308

21. INVESTMENT INCOME

	THE GROUP		THE COMPANY			
	2009	2008		**2009**		2008
			Non-Linked	**Linked**	**Total**	Total
	Rs'000	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	Rs'000
Interest income	**756,706**	835,943	**590,313**	**166,393**	**756,706**	835,943
Dividend income	**430,146**	214,952	**401,250**	**40,798**	**442,048**	223,301
	1,186,852	1,050,895	**991,563**	**207,191**	**1,198,754**	1,059,244

22. OTHER INCOME

	THE GROUP AND THE COMPANY			
		2009		2008
	Non-Linked	**Linked**	**Total**	Total
	Rs'000	**Rs'000**	**Rs'000**	Rs'000
Profit on disposal of financial assets	**35,942**	**15,190**	**51,132**	170,958
Miscellaneous Income	**1,167**	**-**	**1,167**	-
(Loss)/profit on disposal of property and equipment	**(22)**	**-**	**(22)**	1,130
	37,087	**15,190**	**52,277**	172,088

23. MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Marketing and administrative expenses include:				
- Expenses in respect of Corperate Social Responsibility	**692**	-	**587**	-
- Internal auditors' fees	**470**	314	**470**	314
- Staff costs (see note (a) below)	**116,171**	106,604	**105,695**	97,332

(a) Analysis of staff costs:

Salaries and wages	**75,460**	72,832	**67,592**	65,999
Retirement benefit obligations:				
- defined benefit plan (note 18(v))	**15,629**	13,543	**15,290**	13,303
- defined contribution plan	**465**	321	**225**	110
Other costs	**24,617**	19,908	**22,588**	17,920
	116,171	106,604	**105,695**	97,332

24. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
Dividends paid - Rs. 20.80 per ordinary share (2008 - Rs.18.00)	**52,000**	45,000

25. EARNINGS PER SHARE

		THE GROUP AND THE COMPANY	
		2009	2008
		Rs'000	Rs'000
Earnings attributable to shareholders is based on:			
- Amount transferred from Life Assurance Fund		**44,561**	44,561
- Interest allocated		**9,496**	14,229
		54,057	58,790
Number of ordinary shares in issue		**2,500,000**	2,500,000
Earnings per share	**Rs.**	**21.62**	23.51

The above amount of **Rs. 44.6m** (2008: Rs.44.6m) represents one-third of the total amount transferred from the Life Assurance Fund to the Proprietors' Fund following the actuarial valuation at December 31, 2007.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

26. NOTES TO THE CASH FLOW STATEMENTS

		THE GROUP		THE COMPANY	
	Notes	2009	2008	2009	2008
		Rs'000	Rs'000	Rs'000	Rs'000
(a) Cash generated from operations					
Surplus on Life Assurance Fund		1,278,110	1,517,292	1,260,705	1,501,349
Adjustments for:					
Depreciation on property and equipment	5	9,139	8,210	8,603	7,693
Depreciation on investment property	6	7,400	6,949	7,400	6,949
Amortisation of intangible assets	7	6,507	998	6,100	647
Loss/(profit) on sale of property and equipment	22	22	(1,130)	22	(1,130)
Interest allocated to Proprietors' Fund		9,496	14,229	9,496	14,229
Investment income	21	(1,186,852)	(1,050,895)	(1,198,754)	(1,059,244)
Net loss/(gain) on exchange		38,200	(185,374)	38,200	(185,374)
Profit on sale of financial assets	22	(51,132)	(170,958)	(51,132)	(170,958)
Change in accrued interest		52,156	(39,535)	52,156	(39,535)
Changes in working capital (excluding the effects of acquisition and disposal):					
- Trade and other receivables		(43,504)	(4,956)	(37,149)	(2,037)
- Trade and other payables		8,872	33,542	8,434	40,100
- Retirement benefit obligations		7,259	(5,625)	7,014	(5,713)
Share of results of associated company		(7,677)	(4,982)	-	-
Cash generated from operations		127,996	117,765	111,095	106,976

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000
Short term deposits (note 13)	1,444,910	1,848,701	1,444,910	1,848,701
Cash at bank and in hand	80,608	140,802	58,393	117,625
	1,525,518	1,989,503	1,503,303	1,966,326

27. FINANCIAL COMMITMENTS

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
Outstanding commitments approved by the Board of Directors for the following:-		
Loans to be granted	**130,700**	83,600
Investments in freehold properties	**124,200**	110,600
Investments in financial assets	**-**	60,000
	254,900	254,200

28. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Directors regard Swan Insurance Company Limited which owns 70.98% of the Company's share capital, as the Holding Company. The remaining shares are widely held. The Ultimate Holding Company is Intendance Holding Limited which owns 69.44% of the Holding Company with the remaining shares also widely held. The Companies are incorporated in Mauritius and their registered offices are situated at Swan Group Centre, Intendance Street, Port Louis.

29. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Sales of services	Investment income	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2009						
Holding company	-	-	-	-	30,770	2,504
Shareholders with significant influence	2,403	918	122,230	4,800	-	-
Enterprises on which the Company and Subsidiaries exert significant influence	40,535	1,906	798,373	16,500	52,784	-
Key management personnel	969	-	-	5,444	-	39
	43,907	2,824	920,603	26,744	83,554	2,543

	Sales of services	Investment income	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2008						
Holding company	11,457	-	-	-	9,800	3,344
Shareholders with significant influence	2,288	1,054	43,288	7,200	-	-
Enterprises on which the Company and Subsidiaries exert significant influence	8,066	-	524,832	13,600	-	-
Key management personnel	-	-	-	5,025	1,808	-
	21,811	1,054	568,120	25,825	11,608	3,344

29. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sales of services	Investment Income	Management fees paid	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2009							
Holding company	-	-	-	-	-	30,770	2,504
Subsidiary companies	-	-	6,433	72,125	-	22,131	204
Shareholders with significant influence	2,403	918	-	122,230	4,800	-	-
Enterprises on which the Company exerts significant influence	40,535	1,906	-	798,373	16,500	52,784	-
Key management personnel	969	-	-	-	5,444	-	39
	43,907	2,824	6,433	992,728	26,744	105,685	2,747

	Sales of services	Investment Income	Management fees paid	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2008							
Holding company	11,457	-	-	-	-	9,800	3,344
Subsidiary companies	-	-	6,527	74,300	-	2,818	-
Shareholders with significant influence	2,288	1,054	-	43,288	7,200	-	-
Enterprises on which the Company exerts significant influence	8,066	-	-	524,832	13,600	-	-
Key management personnel	-	-	-	-	5,025	1,808	-
	21,811	1,054	6,527	642,420	25,825	14,426	3,344

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

29. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**25,717**	24,143	**21,283**	22,010
Post-employment benefits - current service cost	**1,094**	843	**868**	725
- others	**53**	52	**44**	45
Termination benefits	**-**	-	**-**	-
	26,864	25,038	**22,195**	22,780

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. There are no provisions held against receivables from related parties.

30. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2009	2008	2007	**2009**	2008	2007
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Issued and paid up Share Capital	**25,000**	25,000	25,000	**25,000**	25,000	25,000
Proprietors' Fund	**60,702**	103,206	34,219	**60,702**	103,206	295
Life Assurance Fund	**18,507,136**	15,701,377	14,384,606	**18,427,307**	15,642,587	17,548,441
Dividends	**52,000**	45,000	38,500	**52,000**	45,000	38,500
Earnings attributable to shareholders	**54,057**	58,790	37,974	**54,057**	58,790	35,004

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2009 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. M. J. Cyril LAGESSE
Mr. L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK)
Mr. M. D. Pierre DINAN, GOSK / B.Sc. Economics (LSE), F.C.A. (England)
Mr. F. M. J. Pierre DOGER DE SPÉVILLE
Mr. George J. DUMBELL / A.C.I.B. (UK)
Mr. M. A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
Mr. M. D. Henri HAREL / A.C.I.S.
Mr. Thierry P. J. M. LAGESSE / M.B.A. (France)
Me. M. F. I. Jean Hugues MAIGROT
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

DIRECTORS OF THE SUBSIDIARY COMPANIES

Manufacturers' Distributing Station Limited

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald E. R. J. LINCOLN
Mr. M. J. Jean Paul CHASTEAU DE BALYON, F.MIoD

Pension Consultants and Administrators Ltd.

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)

Swan Group Corporate Services Limited

Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. M. J. Jean Paul CHASTEAU DE BALYON, F.MIoD

The Anglo-Mauritius Financial Services Ltd.

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)

Swan Group Foundation (incorporated on 11/01/2010)

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

other statutory disclosures (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiary Companies have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received or due and receivable :

- Directors of The Anglo-Mauritius Assurance Society Limited

	From the Company		From Subsidiaries	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive Directors				
- Full-time	**3,972**	4,562	**1,963**	15
Non-executive Directors	**1,028**	1,082	**41**	27
	5,000	5,644	**2,004**	42

	From Subsidiaries	
	2009	2008
	Rs'000	Rs'000
- Directors of subsidiary companies who are not directors of the Company		
- Non-executive Director	**10**	8

	From the Company		From Subsidiaries	
DONATIONS	**2009**	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Charitable donations - 17 recipients (2008: 26 recipients)	**298**	138	**-**	-
Corporate Social Responsibility	**587**	-	**105**	-

CONTRACT OF SIGNIFICANCE

During the year under review, there was no contract of significance to which the Company or one of its subsidiaries was a party and in which a Director of the Company was materially interested either directly or indirectly.

AUDITORS' FEES

The fees paid to Auditors for audit and other services were:

	2009	2008
	Rs'000	Rs'000
Audit fees paid to:		
- BDO & Co.	**834**	842
- Other firms	**64**	23
	898	865
Fees paid for other services provided by:		
- BDO & Co.	**397**	400
- Other firms	**470**	314
	867	714

secretary's certificate

FOR THE YEAR ENDED DECEMBER 31, 2009

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Jean Paul CHASTEAU DE BALYON
For Swan Group Corporate Services Limited
Secretary

31st March 2010

Auditors:	BDO & Co.
Bankers:	AfrAsia Bank Ltd. Bank of Baroda Bank One Banque des Mascareignes Barclays Bank PLC Bramer Banking Co Ltd. Habib Bank Ltd. Mauritius Post and Cooperative Bank SBI (Mauritius) Ltd. Standard Bank Ltd. State Bank of Mauritius Ltd. The HongKong and Shanghai Banking Corporation Ltd. The Mauritius Commercial Bank Ltd.
Consulting Actuaries:	Actuarial and Insurance Solutions Department of Deloitte & Touche
Legal Advisers:	De Comarmond-Koenig
Main Reinsurers:	Swiss Re Life & Health Ltd. Munich Mauritius Reinsurance Co. Ltd.

THE ANGLO-MAURITIUS ASSURANCE SOCIETY LIMITED

proxy form

I/We..

of ....

being a member/s of THE ANGLO-MAURITIUS ASSURANCE SOCIETY LTD.

hereby appoint ....

of ....

or failing him ....

of .... as my/our proxy to vote for me/us on my/our behalf at the

Annual Meeting of the Company to be held on Thursday 24th June, 2010 at 10.00 hours and at any adjournment thereof.

I/We desire my/our vote to be cast on the ordinary resolutions as follows:

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2009.			
4. To re-appoint BDO & Co as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.			
5. To re-elect Mr. M. J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
6. To re-elect Me. M. F. I. Jean Hugues Maigrot as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
7. To re-elect Mr. F. M. J. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
8. To re-elect Mr. M. D. Pierre Dinan as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			

Dated this .... day of .... 2010.

(S) ....

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a member or not) to attend and vote on his/her behalf.
2. Please mark in the appropriate space how you wish to vote. If no specific instruction as to voting is given, the proxy will exercise his/her discretion as how he/she votes.
3. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.